Annual Report of the

FEDERAL SECURITY AGENCY

1950

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PUBLIC HEALTH SERVICE
OFFICE OF EDUCATION
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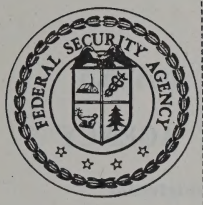

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Social Security Administration

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FEDERAL SECURITY AGENCY

OSCAR R. EWING, *Administrator*

SOCIAL SECURITY ADMINISTRATION

ARTHUR J. ALTMEYER, *Commissioner*
WILLIAM L. MITCHELL, *Deputy Commissioner*

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OSCAR C. POGGE, *Director*

Bureau of Public Assistance
JANE M. HOEY, *Director*

Children's Bureau
KATHARINE F. LENROOT, *Chief*

Bureau of Federal Credit Unions
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Division of Research and Statistics
I. S. FALK, *Director*

Division of the Actuary
ROBERT J. MYERS, *Chief Actuary*

Appeals Council
JOSEPH E. MCELVAIN, *Chairman*

Letter of Transmittal

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., October 30, 1950.

The Honorable OSCAR R. EWING,
Federal Security Administrator.

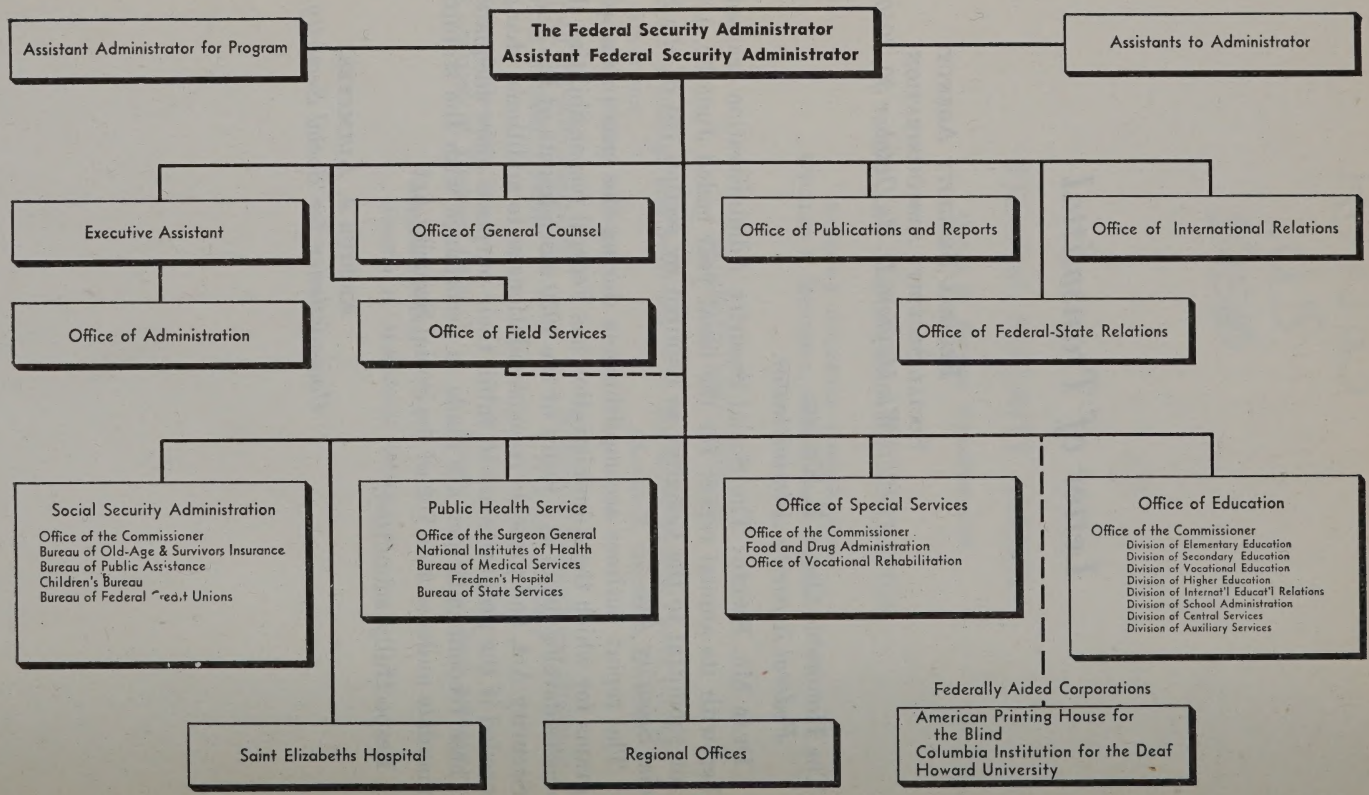
DEAR MR. EWING: The Social Security Administration transmits herewith its annual report for the fiscal year ended June 30, 1950, for submittal to the Congress as required by section 704 of the Social Security Act.

The report outlines accomplishments during the year in the programs for which the Administration has Federal responsibilities, discusses developments as a result of the 1950 amendments of the Social Security Act, and presents recommendations as to additional changes needed if the programs are to fulfill their purposes more adequately. These recommendations are made in accordance with the statutory mandate under section 702 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMEYER,
Commissioner for Social Security.

FEDERAL SECURITY AGENCY



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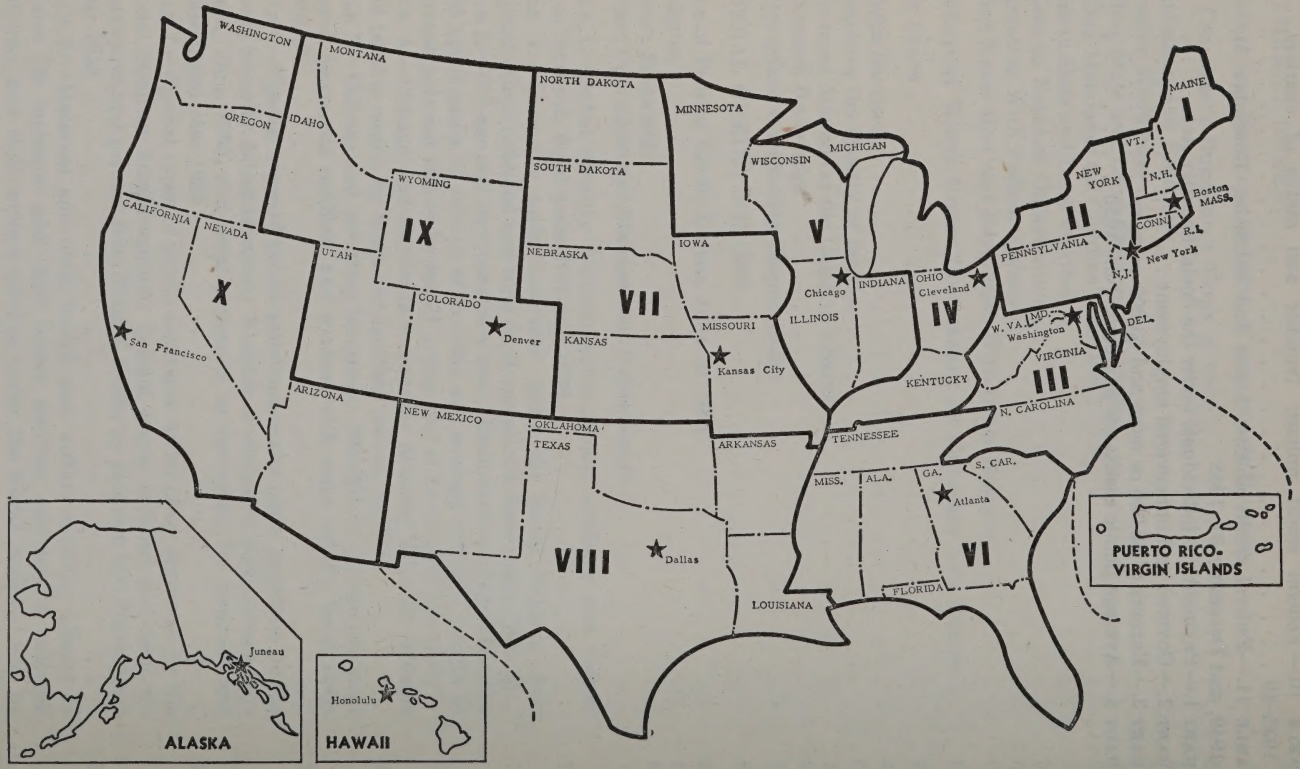

Social Security Administration

Social Security in the United States

Social security has become one of the most widely accepted goals of a democratic society. The discussions and action on social security by Congress during the past year made clear the broad support for and the immediate importance of that goal. The Social Security Act Amendments of 1950, which became law shortly after the end of the fiscal year, gave new strength to our existing program and pointed the way toward a more complete fulfillment of its purposes.

From the beginning of our history, the welfare of the individual, and hence of all individuals, has been one of our most basic values. The essential conditions of individual welfare are in part the same today as they were 150 years ago. Individual freedom of conscience and the guarantee of political liberty remain the basis of our democratic society.

But during those 150 years we have grown from a nation of farmers and handicraftsmen to the most highly industrialized country in the world. Increasingly, the ability to produce a scanty living for oneself has given way to the economic interdependence and the actual and still larger potential abundance of a mechanized and organized economy. As a result, the conditions necessary to the survival of individual values and the promotion of individual welfare have also become more complex.

An expanding economy makes possible and is itself sustained by the ever broader distribution of goods and services. Increasing productivity and scientific knowledge have vastly increased the range of products which are a part of daily family living. They have also

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brought a new concept of health and a substantial progress in the development of health facilities and health services that can be available to everyone. They have brought more leisure for all, not merely for a favored few. They have provided a surplus out of which we can support not only more of the special services for individuals and families which help them to achieve security and independence, but also more education, training, and research, which provide for future progress and the enjoyment of its fruits.

Our democratic commitments require that all the people share in the gains and benefits of this expanding economy. The revaluation of our democratic ideals which world events have forced upon us has speeded up our growing awareness of their full reach and scope. We must also speed up and intensify our search for the most generally acceptable methods of putting those ideals into practice.

Social security programs provide an effective method of assuring sufficient and uninterrupted income and services to large and important groups in our population, and of doing so in a manner which strengthens individual freedom and contributes to the strength and growth of the economy.

CONTINUOUS CASH INCOME ESSENTIAL

For most of us today, no matter where we live and work, food and shelter and clothing and medical care, as well as all the devices and luxuries of our civilization, must be purchased. And while there are an increasing number of services which it is generally agreed should be provided by the community because they cannot be had otherwise, they are of special kinds. In a free-enterprise economy, the individual should be free to make his own choices among competing goods and services for the satisfaction of his general consumption needs. He can do so only if he has the necessary income.

For most families, sufficient job opportunities at adequate rates of pay will provide the income to meet current needs. But in our population there is an increasing number of individuals who cannot, or by common consent should not, currently be full-time earners. The basic needs of most children and young people are best met and for the most part are adequately met by their own families. As the number of persons over 65 increases, so, generally speaking, will the number who find it necessary to retire from gainful employment. Many of these older persons have no families upon whom to depend. All need an income of their own. For them, as for those adults who cannot earn because of disability, and for children left without parental support, there must be an orderly and assured system of income maintenance other than current earnings if they are to share

democratically in the output of the economy and the values of our society, and to make a constructive contribution to community and Nation.

There has been some concern about the burden which social security places on the productive groups in the population. What is sometimes overlooked is that the producing groups have always carried the nonproducing groups. The support has usually been direct—food on the table and a room in the house for those too young or too old and for those sick and unable to produce. Cramped housing and purchased food, and smaller families to share the burden, have made individual support more difficult. But our collective ability to provide—and to provide abundantly—for the nonproducing members of society is greater than ever before.

We are coming to realize how unfair and wasteful it is to push older people out of economically and socially productive work before they are ready to retire. We recognize the human as well as the dollars-and-cents reasons for using to the maximum the talents and capabilities of the disabled who can be rehabilitated. But we also want to provide for those who cannot support themselves a fair and generous share of our current abundance and to provide it in an orderly way—in a way which respects human dignity and promotes confidence and security among all groups.

It is now generally agreed that a social security system that will provide effectively for the entire population can be organized only by society as a whole, acting through government. Individual effort can carry families part of the way. But few families can save enough on an individual basis to provide against all the major contingencies and risks of income loss. At no time in history has individual saving been generally adequate to provide security in case of disability or death. The age-old plea for the widow and orphan and the history of the almshouse and the charity hospital bear witness to the insecurities of earlier periods. Individual saving carried many couples through old age when savings were primarily in the form of a homestead or a business that could be passed on to their sons. But most workers today are wage earners. And urban living is more inflexible in its demands on current money income. Money savings—insofar as they can be accumulated in the face of current needs—are too often used up in periods of sickness or unemployment.

Voluntary group arrangements can usefully supplement basic social security measures. But in themselves, they can bring security only to economically favored groups. The recent growth of private pension and welfare plans in industry is evidence of the importance which American workers and employers attach to the security that results

from protection against complete loss of income when earnings are interrupted or cease. Such plans will assure many workers a higher total retirement income than that provided by old-age and survivors insurance alone, as well as benefits not now included in the public program. But these plans cover primarily workers in large plants and financially strong companies, and the pensions are in most plans payable only to persons who have been with the same employer for 15, 20, or even 30 years. Private plans can be increasingly effective only if they can build upon an adequate public social insurance system, which covers workers in small establishments as well as large, persons in business for themselves as well as those who work for others, persons who move from one job to another, as well as those who find their opportunities with a single employer.

A comprehensive contributory social insurance program with broad coverage would assure to all or almost all individuals and families a basic continuing income if earnings are cut off by unemployment, sickness, disability, retirement, or death of the breadwinner, and would guarantee that there would be no financial barrier to needed medical services. It would still need to be supplemented by public assistance for those who because of special circumstances fail to qualify for insurance benefits or require additional help. Such a program would bring a new independence to individuals and families and a new strength and stability to our economy.

We have the substantial beginnings of such a program. The amendments of 1950 have greatly strengthened and improved it. But we have still an important task ahead of us to achieve a balanced program, shaped by the needs of all members of the community and strong enough to provide maximum support to our economy.

WELFARE SERVICES

Certain services, it is generally agreed, should be available to everyone in a democratic society and can most effectively be provided by the community. Increasing productivity has made possible, and increasing scientific knowledge has pointed the need for, an expansion of health and welfare services for individuals. The availability of maternal and child health services has done much, and can do still more, to reduce the number of maternal and infant deaths and to start millions of children on the way toward healthful living. The promotion of services for crippled and handicapped children has made parents and communities aware of what can and should be done for such children, and helped provide the means for doing it. Child welfare services have come to the rescue of children neglected or abandoned by their families, and have provided for others guidance

and help in adjusting to the complexities of modern life. Thus far, we have concentrated our attention and efforts on welfare services for children. We are coming to realize the values of constructive community welfare services for adults and for families as a whole.

Social Security at the Midcentury

OPERATION OF THE PROGRAM IN 1950

The chapters which follow report in more detail on the administration of the social security programs during the fiscal year 1950, on what may be expected as a result of the 1950 amendments, and on some of the additional changes which will be needed if the programs are to fulfill their purposes more adequately. A brief summary of where the social security programs as a whole stood at the end of the fiscal year will point up the problems which are still ahead.

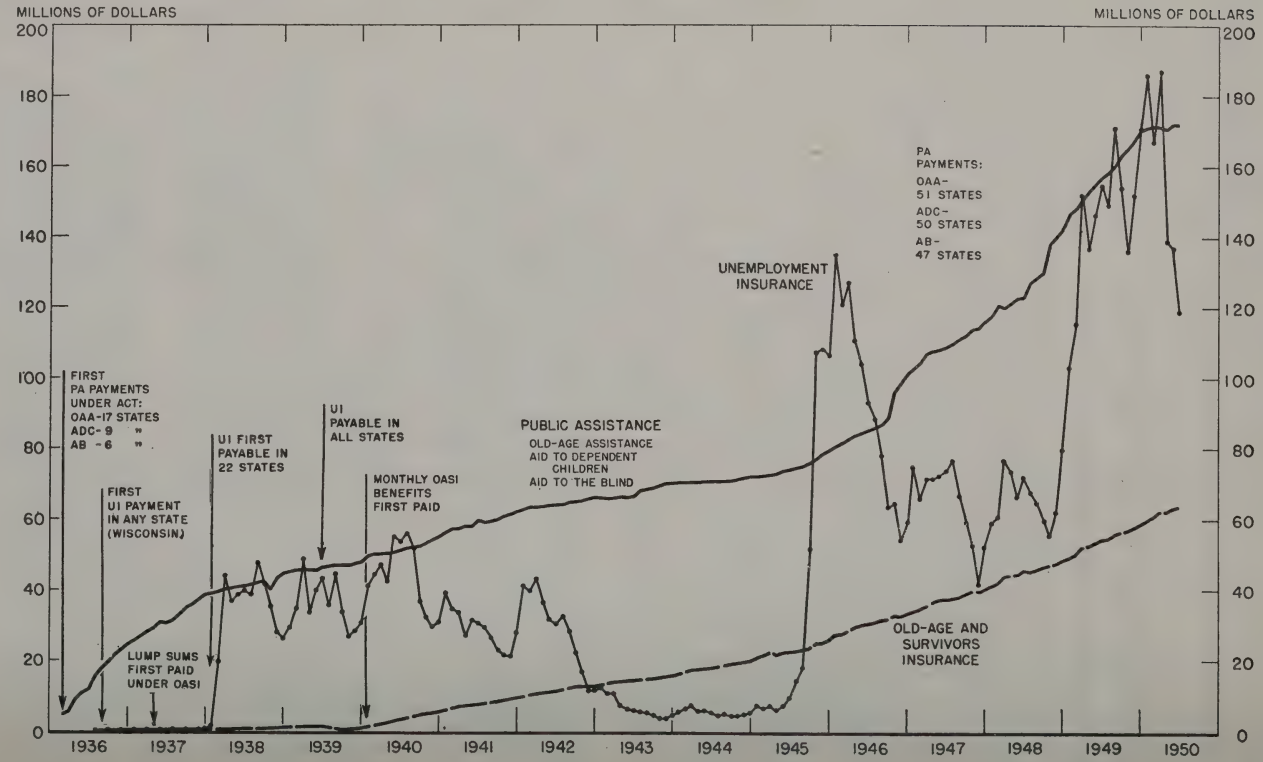
At the end of June 1950, almost 3 million persons were receiving monthly benefits under the national old-age and survivors insurance program. The monthly value of these benefits was about $60 million. Most of the beneficiaries—2.1 million—were aged 65 or over. The program was thus channeling income to about 18 percent of the 11.6 million aged persons in the population or 26 percent of the 8 million who for a variety of reasons could not count on employment as a major source of current income. Regular benefits under one or another of the special programs for railroad and government workers and for veterans were supporting another million aged persons.

Some 2.8 million persons were receiving old-age assistance. Most of them were persons who had missed out on the protections of the insurance program—those who had worked in noncovered employment, men who had already been disabled or retired and their wives, and widows whose husbands had died too soon to earn insured status after the program went into effect.

The insurance program has already taken over the major role in providing income for orphans and their widowed mothers. About 630,000 orphans (with one or both parents dead) were receiving benefits under old-age and survivors insurance in June 1950. The assistance program was helping support about 470,000 such orphans in the same month.

As old-age and survivors insurance has taken over the support of a larger proportion of orphans, aid to dependent children has come increasingly to serve the needs of other children. Of the 1.7 million children in the 654,000 families receiving such aid in June 1950, not quite three-tenths were in need of help because of the death of a

Chart 1.—PAYMENTS TO INDIVIDUALS UNDER THE SOCIAL SECURITY ACT



parent. Nearly one-fourth were in need because of the disability of the father. Roughly one-half were children whose fathers were estranged from the mother or absent for other reasons.

There is in this country no generally available and systematic provision for income maintenance or for the medical care needs of sick and disabled persons except when the disability is work-connected. The railroad social insurance system pays cash insurance benefits for both temporary sickness and permanent disability. Some 26,600 individuals were receiving sickness and maternity benefits under this program in an average 2-week registration period in June 1950. About 76,000 former railroad workers, almost half of them past 65 years of age, were receiving disability benefits. Also, about 75,000 former Federal, State, or local government employees were receiving disability benefits under their special retirement systems. Approximately 32,800 persons were receiving cash sickness benefits under the temporary disability programs of Rhode Island, California, and New Jersey.

One special group, the blind, could receive assistance under the Federal-State program of aid to the blind, if they were in need. In June 1950, 77,000 blind persons were receiving such aid. And undoubtedly a considerable proportion of the 526,000 cases receiving support under the State and local general assistance programs included disabled persons. The general assistance program was also the only recourse of many individuals and families in need for other reasons—persons not yet 65 but unable to find jobs, marginal workers, families with special needs.

The value of the unemployment insurance program both to individuals and families and to the functioning of the economy was again demonstrated, as the mild recession of late 1948 and early 1949 was reflected in the operations of that program during the fiscal year 1950. Both initial and continued claims for unemployment benefits rose during the autumn to reach all-time highs in January, but had dropped sharply by June 1950. Over the year, benefits totaling $1.9 billion were paid to 7.0 million workers in partial compensation for the wages lost during 91.4 million weeks of unemployment.

As the number of children in our population continued to grow, the need for certain services to promote their health and welfare became more urgent. Health and welfare services were expanded during 1950 to reach more mothers and children than ever before.

Federal credit unions continued to grow during the year in numbers and in total assets, reflecting both generally high employment and increasing interest in this type of cooperative thrift and credit program.

PROGRAM ADMINISTRATION IN 1950

To administer the programs for which it has responsibility, the Social Security Administration had in June 1950 a staff of 11,899—5,369 in the departmental and 6,530 in the field, area, and regional offices.

Throughout the year, regular work of the Bureaus of Old-Age and Survivors Insurance and Public Assistance, and the Children's Bureau, as well as the Office of the Commissioner, was readjusted and deferred in order to devote time to meeting the requests for information and analyses from the House and Senate committees that were actively considering important modifications of the social security program. Toward the end of the year, intensive planning was under way to prepare for carrying into operation the amendments to the Social Security Act which had passed the House as H. R. 6000 in October 1949 and later passed the Senate and became law on August 28, as Public Law 734.

Several interbureau working groups were appointed to explore and prepare documents on common or related program matters. Other interbureau working groups reviewed the existing procedures for preparing the fiscal budget and the detailed work or operating plan. Some adjustments were made in the work-planning process to make it consistent with the Management Improvement Program requirements issued by the Bureau of the Budget. An interbureau working group on aging was active, and the Social Security Administration contributed staff and documents toward the planning for the National Conference on Aging called by the Federal Security Administrator and held in Washington on August 13–15, 1950.

The Social Security Administration continued to participate in the increasingly important and numerous international activities of the Government. It provided services and information to more than 700 visiting officials from foreign countries. It continued to play a major part in the Fellowship Program under the Social Welfare Advisory Services of the United Nations. Almost 40 United Nations Fellows received their orientation to the United States and carried out programs of training planned by the Social Security Administration and its constituent bureaus. The program of scientific and cultural cooperation, established by Congress in 1948, brought a total of 14 trainees to the units of the Social Security Administration from the other American republics. The Economic Cooperation Administration found it profitable to have almost a hundred individuals attached to teams visiting the United States receive an understanding of the social security program here.

Officials and staff members of the Social Security Administration

continue to participate as Government representatives and experts on the various commissions and governing boards of international organizations in the field of social security. The Commissioner for Social Security is the United States Member of the Social Commission of the United Nations and serves on the International Labor Organization's Committee of Social Security Experts. Staff members of the Administration serve on a number of interagency committees dealing with international social policy.

The Road Ahead

CONGRESSIONAL ACTION IN 1950

The legislative action taken by the Congress in 1950 reaffirmed the established place of social security in American life and pointed the way toward a further expansion and strengthening of the program in the future.

The changes in the old-age and survivors insurance benefit amounts made by the 1950 amendments will restore the beneficiaries to a position relatively as favorable as in 1940, before rising prices nearly halved the value of the insurance benefits. So long as prices remain fairly stable, the benefits will provide basic security to increasing millions of aged persons and an increasing proportion of orphans and their mothers. The amendments will make it possible for a substantial number of persons now approaching or beyond age 65 to qualify for insurance benefits either immediately or within a very short time. Undoubtedly these changes will help reduce the number of aged persons who must rely on old-age assistance for support.

The future effectiveness of the old-age and survivors insurance program has been increased by the extension of coverage to many urban self-employed, to many agricultural and domestic workers, and to other groups. Many of those who will still remain outside the program, however, are most in need of coverage. Old-age and survivors insurance cannot do the full job for which it is designed so long as any large number of persons reach retirement age or die without having had an opportunity to acquire insurance rights.

The 1950 amendments also make a beginning—though only a beginning—toward correcting one of the major weaknesses in our social security program—the lack of adequate provision for the disabled. The Social Security Administration believes that for the disabled, as for the aged, contributory social insurance should provide the basic protection. The bill as adopted by the House of Representatives in October 1949 failed to provide temporary disability insurance, but for the long-term disabled, as for the aged, it did provide both insur-

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ance and public assistance. The final action establishing only a new program of Federal grants for assistance to needy persons permanently and totally disabled will bring immediate relief to many individuals and families. It will also help the States with a part of the load they are now carrying under general assistance. But it does not provide that comprehensive assurance against loss of income in case of sickness or disablement which workers should have.

In addition to the new disability assistance program, the 1950 amendments will strengthen public assistance in several other ways. Particularly important is the increased Federal aid which will become available for aid to dependent children through recognition of the needs of the parent or relative who is caring for the child.

The increases in the amounts of Federal funds authorized for expenditure under the maternal and child health, crippled children, and child welfare programs will make possible a significant extension of such services.

The amendments also provide for extending old-age and survivors insurance and Federal aid for public assistance to Puerto Rico and the Virgin Islands. These programs can make an important contribution to the well-being of our citizens in these islands.

TOWARD THE FUTURE

Far reaching and important as these changes are, they point even more surely forward. The Congress recognized that, in adopting the amendments of 1950, it had taken only the immediate and most necessary steps. The importance of further action was pointed up by the Senate resolution adopted simultaneously with the passage of H. R. 6000 and directing the Finance Committee to study a number of the problems left unsolved by the 1950 amendments.

The discussions and debate on the amendments gave evidence of a growing conviction that contributory social insurance must remain the foundation of social security in this country. A contributory social insurance system is particularly suited to the special qualities and values of our economic and political system. In a low-level economy, where there is hardly enough to go around, the only effective approach to social security may be to provide assistance—in cash or in kind—to the most destitute individuals. This country is not in such circumstances. Another approach to social security that has been adopted in some countries is the flat uniform-pension payment. The differentials in wages are generally much smaller in these countries than in the United States. The dilemma facing those who advocate a flat-pension approach for this country is to find a single amount that will be appropriate everywhere and for all groups, and that will not be much too costly.

Under our American pattern for a contributory social insurance system, contributions and benefits are both related to the individual's own wages. The proportion of the wage loss which is to be compensated can be reasonably and fairly determined in advance. For social reasons, a larger proportion of the wage loss is paid to a low-wage than to a high-wage worker, but there is still an important difference in benefit amounts. The contributory social insurance system thus maintains an incentive for the individual to develop his capacities and increase his own productivity and that of the country. Because the insurance benefits are paid regardless of need, he is also encouraged to build additional security for himself and his family through individual savings and individual initiative.

When the Social Security Act was passed, it was expected that the old-age insurance program would before many years take over from old-age assistance the main burden of supporting the aged. That this has not yet occurred is due to various circumstances. The coverage of old-age and survivors insurance has been limited. Every year, so long as coverage remains limited, and for some years after complete coverage is achieved, another large group of persons will reach retirement age without being entitled to insurance benefits. Those without adequate resources of their own will have to turn to old-age assistance. Since the average life expectancy at age 65 is now 13½ years, the old-age assistance rolls will remain high for many years even though the number of persons coming on the assistance rolls in the future drops sharply.

Another reason why old-age insurance has not taken over more of the assistance load in the 10 years since 1940 has been the growing disparity between the level of payments under the two programs. In States where adequate funds were available, public assistance payments reflected with little delay rising prices and the need of families for more dollars. Furthermore, standards of assistance have risen. During these same years, the insurance benefits remained at levels which would have provided only minimum security even at 1939 prices. Under the 1950 amendments, fewer insurance beneficiaries should now need supplementation of their resources.

Another factor which has kept aged persons from benefiting from old-age and survivors insurance is the lack of protection of the insurance status of disabled individuals. Unless provision is made in the insurance program for persons who are permanently disabled before age 65, there will continue to be a large group who cannot qualify for benefits when they reach 65 because they have been kept out of employment by disability. It is, of course, fully as essential that such persons have an assured source of income before as after age 65. And

if protection against disability is to be comprehensive and adequate, it should extend also to those who are temporarily sick and unable to work. The Social Security Administration again recommends extension of the Nation's social insurance program to cover the risks of both temporary and permanent disability.

The other large gap which remains in our social security program is our failure to assure that costs do not interpose a barrier between individuals and the preventive and curative medical care which they need. Health insurance is essential if we are to achieve comprehensive social security for our population. Although disagreements over the ways and means of health insurance continue, there is widespread and growing agreement on the need for insurance against the costs of medical services. While voluntary insurance has achieved considerable coverage, it offers only limited protection, mainly to middle-income groups in the larger urban areas, and cannot effectively meet the needs of the entire population. All recent bills introduced in Congress that avoid the compulsory social insurance method provide in one way or another for public subsidies to voluntary insurance. However, publicly subsidized voluntary insurance would be more costly, much more complicated, and less effective than national contributory social insurance administered on a decentralized basis and as part of a comprehensive social insurance program.

A comprehensive and more adequate contributory social insurance program will reduce, but it will not eliminate, the need for public assistance. There will always remain individuals and families whose special circumstances call for special help. It may be possible, at some later time when social insurance has been made adequate, for the Federal Government to step out of the field of public assistance and leave the entire responsibility for this field to the States and localities. That time has clearly not yet come. Whatever steps we take, now and in the future, to reduce the size of the public assistance program, we should increase its ability to meet satisfactorily the residual demands that are made upon it.

WE CAN AFFORD SOCIAL SECURITY

World-wide developments require that we look more closely at the potential cost of all our national undertakings. We have had to commit a substantial share of our current and future output to national defense. We want to commit a share of our wealth to helping the free countries of the world in their efforts to repair the ravages of war and raise their living standards. Can we then afford social security at home?

More than ever we cannot afford not to have social security for our

own people. In one way or another the old people, the children, the sick and disabled must share in what we produce and have. The only question is whether their needs are to be met meagerly and haphazardly or by an orderly and assured method which provides for them as full members of the community. More than ever, in the present world situation, we cannot afford the consequences of poverty, of poor health, of insecurity and the resulting lowered morale and lowered productivity for individuals and for the community.

Most people would agree that current social security costs are within our means. Fear of the burden of social security arises primarily from estimates of future costs.

The cost of insurance programs which provide current rather than deferred benefits is about the same percent of payrolls or of national income after the system has been in operation many years as in the first years of full operation. Temporary disability insurance, unemployment insurance, and health insurance will not show increasing costs, in relation to national income, except to the extent that later generations decide to improve the adequacy of the benefits provided under those programs relative to then-current wages.

On the other hand, the costs of old-age insurance will rise in the future even assuming no change in the provisions of the program or in price and income levels. They will rise, first, because as the program matures, relatively more of the people who reach retirement age will qualify for insurance benefits. Any steps which are taken to bring all or many of those who are now aged under the insurance program immediately will, of course, reduce future increases in cost resulting from this factor. In any case, what we must look to is not the cost of old-age insurance alone, but the cost of old-age insurance and old-age assistance together. As the former takes over more of the burden, the costs of the latter may be expected to decrease.

A second reason that the costs of old-age insurance will increase in the future is that the number and proportion of older people in the population is increasing. Consequently the amount and proportion of the national income going to older people as a group should also increase.

Most estimates of the future cost of old-age insurance have assumed that the proportion of people retiring at given ages will be about the same in the future as it has been in the recent past. But we are coming to realize that it is to the advantage of the individuals themselves and of the Nation if older people continue in productive employment as long as they are able to do so. Insofar as we make it possible for more older people to continue working, present estimates of the cost of old-age insurance will prove to be too high both absolutely and relatively.

The factor that is most often neglected in discussions of future costs is the future size of our national income, as well as our population. Both are still growing. But our productivity is growing faster than our population. Conservative estimates assume that national income will continue to increase at a rate of at least 3 percent a year, 1 percent representing labor-force growth and 2 percent, increasing productivity. On this assumption, we would in 1980 be concerned with the distribution of a national income of $450 to $500 billion (at fiscal year 1950 price levels) compared with our 1950 national income of $217 billion. Social security costs should be viewed in that perspective.

THE RETURN ON THE SOCIAL SECURITY INVESTMENT

We cannot, of course, evaluate social security only in terms of its out-of-pocket cost. The real cost, in economic terms, can be determined only after consideration of its impact on the levels of production and consumption and on the structure of the economy. Expenditures for social security do not represent a destruction of a certain portion of the national product. They represent a more orderly, effective, and equitable method for enabling individuals to pay for those essentials of life that would have to be paid for in any event.

Social security measures help to sustain and to stabilize purchasing power. Payments which are made to those who have no other source of income, or to compensate in part for loss of regular income, have an importance disproportionate to their dollar totals.

The confidence and security which the existence of social security measures engenders have an important effect, too, on the productivity and the general outlook of those who are currently earners. A comprehensive social security program with broad coverage will permit labor mobility—an essential factor in maintaining full employment—and will help counteract and prevent rigidities in the economic system which are inevitable under separate public or private limited-coverage benefit systems.

The expenditures for health and welfare services under a comprehensive social security program also have a strategic value well beyond their dollar amounts. Such services represent, in general, the kinds of help, guidance, or dissemination of knowledge that cannot be provided on a commercial basis. Yet all of these services have dollars-and-cents as well as human values.

Social security measures are particularly important because of the underpinning they provide for individual freedoms. Throughout history, peoples have increased their wealth and built civilizations only as they ceased to be isolated individuals or tribes and became members of a larger society. Our world is more highly interdependent

than ever before. It offers tremendous potentialities for the growth and development of the individual human being and of the human spirit. But if those potentialities are to be realized, we must find ways to increase the occasions for exercise of individual choice and individual responsibility throughout all areas of life. We must balance increasing interdependence with the weight of consciously strengthened individual freedoms.

It is not without reason that social security has come to represent one of the aspirations and goals of people throughout the world. For social security is an expression of the individual's desire for a secure base on which to build a good life for himself and his family, and his desire to live in a society in which all men have the same opportunity. Because of this combination of values, social security has acquired a moral force which can provide new strength while it gives new substance to the ideals of freedom and democracy.

In Summary

We have a soundly established social security program in this country. The Social Security Act Amendments of 1950 have strengthened that program and brought increased security to millions of people. But so long as there remain large groups and major economic risks which are not covered, the program falls short of fulfilling its purpose.

To make our social security program one which is shaped by the needs of all members of the community, which provides maximum support to our free enterprise economy, and which carries out our democratic ideals and our democratic commitments, the Social Security Administration presents the following major recommendations:

A comprehensive, basic national system of contributory social insurance should remain our first goal. Social insurance provides an orderly and equitable method of assuring continuing incomes to families whose earnings are interrupted by unemployment, sickness, disability, retirement, or death of the breadwinner, and of insuring against the costs of medical care. Because the cash benefits are related to individual earnings and are paid without regard to other resources, social insurance encourages and gives opportunity for individual initiative and individual efforts to build additional security above the basic security it provides. A national system of social insurance, which can and should be administered on a decentralized basis, is the most effective and the most economical method of providing basic protection for all our people.

Complete coverage of all gainful workers is necessary if the program is to be fully effective. Without such extension of coverage, individ-

uals and families who could help provide for themselves through social insurance will have no recourse but public assistance when their individual savings are insufficient; workers who move from job to job will miss out on the protections of any system; and complicated and expensive provisions will be necessary to prevent unwarranted duplication of benefits to others.

Protection against income loss in periods of sickness and disability can and should be provided under an expanded social insurance program. The lack of any general and systematic method of assuring a continuing income to families when the breadwinner is sick or disabled is one of the major gaps in our social security program. Disability insurance should be so designed as to provide the maximum encouragement and support for the rehabilitation of disabled persons.

Social insurance against the costs of medical care is essential if we are to achieve comprehensive social security and if the benefits of modern medicine are to be available to everyone. Private health insurance has achieved considerable coverage in recent years, but it cannot effectively meet the needs of all the people. Publicly subsidized private insurance would be costly, complicated, and only partially effective. Government health insurance administered on a decentralized basis as part of a national contributory social insurance system offers the most adequate and economical method of guaranteeing that there will be no financial barriers to needed medical care.

A public assistance program able to meet satisfactorily all the residual and special needs that cannot be covered by insurance is an essential part of the social security program. To enable public assistance to play its part more effectively, the major improvements which are needed are: Federal grants for general assistance for needy persons ineligible under the categories; increased and separate Federal funds to match payments for medical care; Federal sharing in the costs of family welfare services; and relatively more substantial Federal sharing of public assistance costs to States with low per capita income.

Health and welfare services for children and research in child life need to be expanded so that, when public and private resources are considered together, such services—guided by increasing knowledge and understanding—may become available to all children in all parts of the country.

A strong credit union program will make it possible for more families to help themselves towards increased security. Further consideration should be given to the establishment of central discount facilities for credit unions.

Old-Age and Survivors Insurance

Fifteen years after the signing of the original Social Security Act, the President approved the amendments of 1950, embodying a comprehensive expansion and revision of the old-age and survivors insurance program. Public Law 734 marked the culmination of more than 5 years of congressional study and consideration of the Social Security Administration's recommendations for extending and improving the program. Starting with the Ways and Means Committee staff study in 1945 and the deliberations of the Advisory Council to the Senate Committee on Finance in 1948, congressional consideration of program changes came to a head with extensive committee hearings in the House of Representatives in 1949 and Senate consideration in 1950. The far-reaching changes embodied in Public Law 734 represent a reaffirmation of congressional intent to retain and build upon contributory social insurance as the basic institution for providing social security to the Nation's workers.

The amendments of 1950 provide significant advances in terms of coverage extension, benefit increases, new categories of benefits, and numerous technical improvements. In the past decade and a half, the people of the United States have come to recognize social insurance as a basic American institution and to urge that it be strengthened so that it may better fulfill its function in our economy.

THE NATURE OF THE PROGRAM

Under old-age and survivors insurance, gainfully employed persons contribute toward providing income for themselves and their families when their usual income from work is cut off on account of old age or death. Through contributions based on wages and earnings from self-employment, they establish rights to future benefits related to their earnings loss.

As in private group insurance, the contribution rate for old-age and survivors insurance is the same for all wage earners, even though differences in age and in number of dependents make the benefits more valuable to some than to others. Similarly, the contribution rate on earnings from self-employment is the same for all self-employed persons. In addition, under old-age and survivors insurance, benefits are weighted in favor of persons with relatively low earnings so as to replace a larger proportion of the earnings of those most dependent upon current income for the necessities of life.

Old-age insurance benefits are not intended as an annuity payable merely because an individual reaches age 65, but are intended rather to assure a regular income to the individual when he retires. If that

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part of the Nation's resources which is available for social security purposes is used for the payment of benefits to all at age 65, irrespective of retirement, it will be more burdensome to supply adequate benefits to those whose earnings have stopped. Therefore, the program provides for the suspension of benefits in months in which beneficiaries have substantial employment. The 1950 amendments made an exception to this rule by permitting the payment of benefits to those aged 75 or over without a test of retirement. Elimination of the retirement test at age 75 is of particular value to those self-employed persons who reduce their activity with advancing age but continue to do substantial work until death. On the other hand, it will not be unduly expensive to pay benefits without regard to earnings to persons who have reached an age at which all but a small proportion of workers are normally retired. The Congress may wish to consider whether the age at which the test of retirement is suspended should be 70 rather than 75 if all self-employed are covered under the program.

EMPLOYMENT OF OLDER WORKERS

We are becoming increasingly aware as the average age of the population increases that the Nation cannot afford to lose the productivity of all, or even a large proportion, of its able-bodied people past age 65. At the turn of the century, only one out of every 25 persons in the United States was 65 years of age or older; today this proportion is one in every 13, and by 1975 it may be one in 9. The ratio of persons aged 65 and over to those 20–64 has increased from one to 13 in 1900 to one to 8 today, and it will continue to rise. These facts serve to underline the importance of conserving the productive capacities of older people in order to provide the goods and services needed to maintain and improve the Nation's level of living.

Furthermore, medical science has impressed on us the fact that sudden retirement may be detrimental to the worker, both physically and psychologically. Most workers today are anxious to remain active as long as they can. Society has begun to seek ways in which to improve the opportunities of older workers to retain an active place in the labor force or otherwise to participate in useful activity. This is a constructive and encouraging recognition of the material and spiritual resources of this segment of our population.

Retirement policy, present and future, will have a direct effect on the scope and adequacy of the benefits that can be paid under the insurance program. Adequate provision for retired persons will be promoted if as a Nation we succeed in using our labor resources to the fullest extent consistent with individual welfare. Future planning for the income security of older people should include plans which will

permit the use of their services in productive work. Jobs within the capacity of older workers should be available to them, and planning for the future should be based on the philosophy that people are not superannuated at any given chronological age.

Improving the Program

Even though extensive, the amendments adopted in 1950 leave unsolved a number of major problems. In some areas, specific recommendations must await experience with the operation of the amended law. In other areas it is already clear what problems will arise, and further measures can be recommended to make the program more nearly adequate and effective.

CASH BENEFITS FOR DISABILITY

Equal in significance to the need for providing employment for able-bodied older workers is the need for returning to employment workers who have become disabled and for protecting disabled workers against part of their income loss. The need is most pressing for those who are prematurely retired because of permanent and total disability. Today, of the persons who normally would be in the labor market, one out of every 25 below retirement age has been disabled for more than 6 months; tomorrow, with a greater proportion of people in the 50–65 age group, the ratio may well be considerably higher. One-third or more of all present relief and assistance costs are attributable to disability, and the burden is increasing. It is imperative that some orderly means of meeting these costs be adopted.

Somewhat paradoxically, increasing longevity has not necessarily meant less disability. Modern medicine in its miraculous success with infectious and acute diseases has made it possible for a much larger number of persons to live to the ages which are characteristically subject to chronic disease. Medicine, however, has not yet conquered many of the disabling chronic ailments of middle age and later life. As more people live to older ages, so there are more people who suffer from high blood pressure, stroke, kidney disease, cancer, crippling arthritis, failing eyesight, and other handicaps associated with aging. There is, therefore, considerable reason to believe that the number of persons with disabilities and the total economic losses arising from disability are increasing, particularly in the age group approaching 65, where disability is most likely to become permanent. For such older workers, disability is in effect premature retirement—retirement which is burdened with the extra costs connected with illness.

Planning for the problem of disability is twofold. First, it is necessary to rehabilitate and secure employment for more of the disabled

than in the past if we are to maintain high levels of production and high standards of living. Second, it is necessary to provide for income maintenance for those who cannot be rehabilitated, in the sense of being returned to productive employment, and for those who eventually do get jobs during the often long period in which they cannot work.

Many very seriously disabled individuals, especially in younger age groups, can be fitted for work. Numbers of blind persons, severely crippled persons, persons with very serious bodily disorders, even paraplegics, have proved that under favorable conditions and with proper retraining and care they can earn substantial incomes. Social insurance should directly aid existing rehabilitation programs through providing funds to finance the rehabilitation of disabled insured persons.

Moreover, a system of disability insurance can and should be so designed as greatly to facilitate the rehabilitation of disabled people by providing an assured income. Administrators of State rehabilitation programs have found that successful rehabilitation depends on the hopeful outlook of the disabled person. The driving force toward rehabilitation is not the threat of impoverishment—rather it is the natural desire of men and women to return to work, to overcome their handicaps. This desire is least likely to survive when the discouragement and fears associated with pressing economic needs are added to the discouragement that usually accompanies disablement. The Advisory Council on Social Security to the Senate Committee on Finance stated the advantages of disability insurance as follows:

> The Council believes that the permanently and totally disabled worker—as well as the aged worker or the dependent survivors of a deceased worker—should not be required to reduce himself to virtual destitution before he can become eligible for benefits. Certainly there is as great a need to protect the resources, the self-reliance, dignity, and self-respect of disabled workers as of any other group. The protection of the material and spiritual resources of the disabled workers is an important part of preserving his will to work and plays a positive role in his rehabilitation.[1]

Vocational rehabilitation is pertinent to only part of the disability problem. The majority of persons whose disabilities are so serious as to be considered permanently and totally disabling have little prospect of successful rehabilitation. This is particularly true for older workers; few of them are able to get jobs, even when they have successfully overcome their handicaps. For most totally disabled workers over 50, the need for financial assistance continues throughout life.

[1] *Recommendations for Social Security Legislation,* 80th Cong., 2d sess., S. Doc. 208.

A worker who has contributed to social insurance for a number of years, with the expectation of receiving adequate retirement protection, suffers a severe handicap under the present program. If he is permanently and totally disabled before age 65, no benefits are payable until he reaches retirement age. Even if he survives until 65, his hopes for adequate retirement benefits may be nullified because his period of disability substantially reduced the benefits payable, or may even have wiped out the right to benefits.

A permanent and total disability insurance program was included in H. R. 6000 as passed by the House of Representatives. These provisions were not recommended by the Senate Finance Committee or passed by the Senate, and the conference committee agreed to their omission. However, the resolution adopted by the Senate authorizing a further study of social security specifies that it is to include study of "the social security programs in relation to care, income maintenance, and rehabilitation of disabled workers."

The Administration also recommends the extension of the Nation's social insurance program to cover temporary disability. In the absence of Federal legislation for insurance against temporary disability, only four States have programs in operation. Thus, most of the Nation's wage earners are left without protection against income loss during illness. If the development of temporary disability programs is left entirely to the States, it may be many years before all or even most of them establish adequate plans. It would seem advisable, therefore, that the Federal Government take steps to ensure that all regular wage earners have insurance protection against temporary disability.

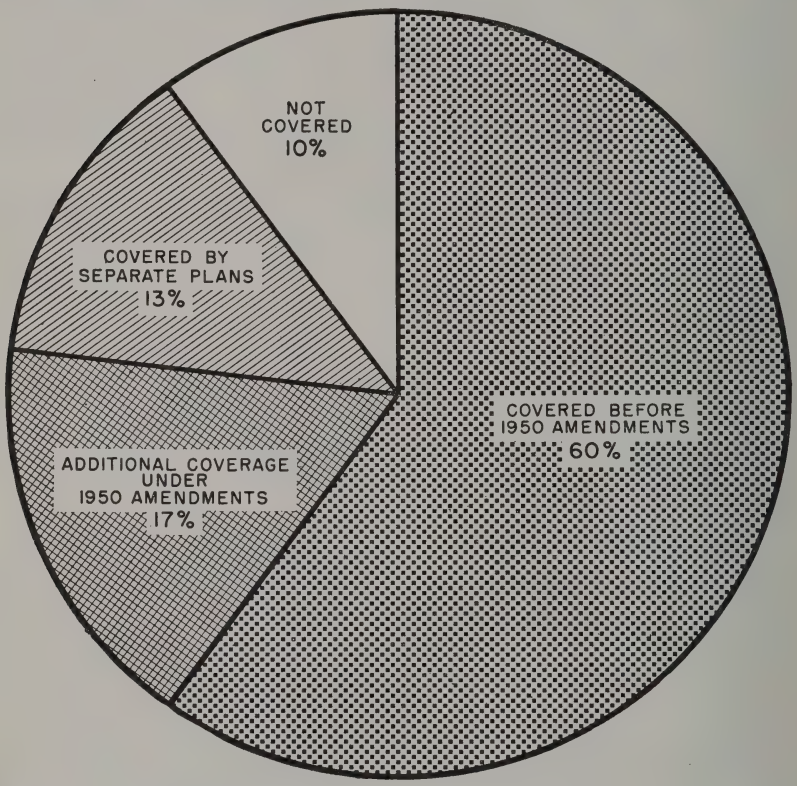
Insurance protection against both permanent and temporary disability, made an integral part of old-age and survivors insurance, would have many advantages. It would provide workers with continuing protection as long as they are disabled. They would not lose protection by changing jobs or moving from one State to another. Their rights to retirement and survivor benefits would be preserved during periods of permanent and total disability. Maximum operating efficiency, uniformity, consistency, and economy would be obtained; there would be no overlapping or duplication of facilities. Working relations with the medical profession, with State rehabilitation agencies, and with various groups in the welfare field would be clear-cut. Finally it would be feasible administratively to extend an integrated program to the broadest limits consistent with national policy.

COVERAGE

With nearly 10 million more jobs brought under the program by the 1950 amendments, approximately three-fourths of the Nation's gainfully employed are now covered by old-age and survivors insurance. Almost 45 percent (4.6 million) of all individuals who work

Chart 2.—COVERED AND NONCOVERED EMPLOYMENT

Extent of coverage under the old-age and survivors insurance and other government retirement systems in an average week of fiscal year 1950


NOT COVERED 10%
COVERED BY SEPARATE PLANS 13%
ADDITIONAL COVERAGE UNDER 1950 AMENDMENTS 17%
COVERED BEFORE 1950 AMENDMENTS 60%

for themselves are covered for the first time. Slightly more than 40 percent of all hired agricultural workers in an average week are brought in, including 650,000 regular farm workers and 200,000 other persons previously excluded as agricultural labor. The approximately 1 million regularly employed domestic workers now covered represent more than half of all domestic workers in private homes.

About 200,000 Federal employees not previously covered under any retirement system are now covered under old-age and survivors insurance. Coverage under the program is now available on a restricted voluntary basis to some 600,000 employees of nonprofit institutions and 1.6 million employees of State and local governments. By expanding the definition of the term "employee," coverage has been extended to approximately 400,000 persons as wage earners; others whose employee status had been uncertain are now covered as self-employed persons.

Of the gainfully employed persons not yet covered by the program, approximately 7.6 million in an average week are covered by some other public retirement system. They are under the retirement programs provided for persons in the Federal civil service, in railroad employment, in the Armed Forces, and in the employ of State or local governments. Only about 10 percent of the Nation's gainfully employed now have no retirement protection under a public program.

Farmers, most self-employed professional persons, and agricultural and domestic workers not regularly employed by one employer are the chief groups without any coverage under a public program. Coverage of these groups under old-age and survivors insurance in the near future is recommended. Otherwise, the large group with earnings too low to save for their old age and no opportunity to be covered by private pension plans will have no recourse but to seek help under the assistance programs.

Coverage of farm operators, the largest group, is just as feasible as coverage for other self-employed persons and would be administered in a similar manner. Farmers would file reports of their self-employment income and pay their social security contributions along with their income tax returns. Although a farmer like other covered persons would have to meet a test of retirement, this does not mean that he would have to sell his farm in order to draw retirement benefits. If he rented the farm, for example, his income would be rental income and not earnings from self-employment. If he operated the farm himself and his income from farming was $600 or less a year, he could receive old-age insurance benefits regardless of the amount of work he did. If his annual income from the operation of the farm exceeded $600 he might nevertheless draw benefits for any month in the year in which he performed no substantial work. After he reached age 75, benefits would be paid without regard to the test of retirement.

The 1950 amendments provide for the voluntary coverage of the 600,000 lay employees of religious, charitable, educational, and other nonprofit organizations. However, some employees of such organizations will actually find old-age and survivors insurance protection

unobtainable, either because of the decision of their employer or because other employees who see no immediate personal advantage in obtaining coverage oppose entering the system. (Employees of a nonprofit organization cannot be covered unless the employer and two-thirds of the employees elect to be covered.) As a result, in the area of nonprofit employment there may continue to be large numbers of people without systematic retirement protection of any kind. The Social Security Administration recommends that the law be amended in such a way as to ensure the protection of all nonprofit employees.

For the groups not covered under old-age and survivors insurance but covered under another public program there is a problem of a different kind. In a dynamic economy the movement of workers from job to job and from one kind of employment to another is inevitable, and to a considerable extent desirable. This is particularly true in a period of national emergency such as now exists. As a result of such shifting from one retirement program to another, the individual may fail to remain in any system long enough to acquire retirement benefit rights. He may end up at age 65 with no protection at all, or with very inadequate benefits. To ensure that the protection afforded such individuals is real, and that mobility of labor is not unduly discouraged, arrangements will have to be made for coordinating the protection furnished under the various public retirement plans.

Considerable study has already been given to various plans for such coordination, and, in fact, coordination has already been established in one area. The survivor benefits provided under the railroad retirement program are coordinated with those provided under old-age and survivors insurance, with a general improvement in the protection of individuals who shift between these two areas of employment. Proposals have been made for coordinating the civil-service retirement program and old-age and survivors insurance through a plan for transferring the retirement credits of short-term Federal employees to the latter program. A plan of this sort could substantially improve the protection of many individuals. Additional consideration should be given to this and other proposals for protecting workers who change jobs.

The most immediate need for action along this line is in the field of military service. Under the retirement systems maintained by the Armed Forces, no retirement benefits are payable for less than 20 years' service, and the disability and death benefit protection provided by veterans legislation is substantially restricted when the individual leaves the service. With few exceptions, the short-term serviceman now receives no credit toward benefits under any retire-

ment plan for his military service. It is essential that provisions be adopted to assure protection under old-age and survivors insurance for individuals who leave civilian life for military service.

BENEFITS

Over the 10 years in which monthly benefits have been paid under the program—as over the last 150 years of our Nation's economic history—the trend of wages has been upward. Between 1940 and 1950, average weekly earnings in manufacturing industries, and average annual taxable wages under old-age and survivors insurance, more than doubled; median taxable wages—a somewhat more sensitive measure of wage levels—increased even faster. The 1950 amendments have substantially increased benefit amounts, but if the long-range trend of wages continues upward, further increases in benefits will be necessary to keep benefits appropriately related to current levels of living.

Fortunately, if wages rise over the long-range future as is to be expected, benefits may be liberalized without requiring an increase in the contribution rates scheduled in the law. This is possible because as wages go up the same contribution rate brings in more dollar income, and the effect of increasing wages on benefit amounts will be more than offset by the increase in this dollar income. The scheduled contribution rates in the law are high enough to finance the liberalizations in the benefit levels necessary to keep them in the same relationship to wages.

It would be highly desirable to have not only the contribution rate but also the benefit formula automatically reflect rising wages. One proposal that would go a long way toward accomplishing this result would be to base benefits on an average wage figured over a limited period, such as the 5 or 10 consecutive years of highest earnings, rather than the span of a working lifetime.

As wages rise it is also necessary to increase the maximum wage base. Otherwise more and more workers have their benefits based on an average wage at or near the maximum limit, and benefits tend to be concentrated in a very narrow range. Furthermore, unless the maximum wage base is raised, the old-age and survivors insurance system must depend for financing on a smaller and smaller proportion of the payrolls of the Nation.

Congress recognized the importance of raising the maximum wage base as wages rise by providing in the 1950 amendments for an increase from $3,000 to $3,600 a year. The $3,600 ceiling is not high enough, however, to take into account the increase in wage rates which has taken place in the last decade. In 1939, about 95 percent

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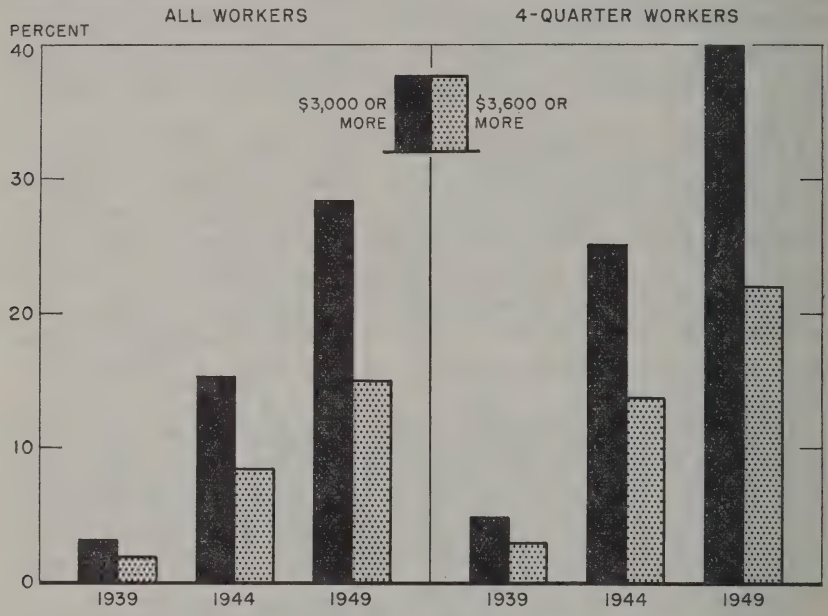
of those who worked regularly throughout the year received taxable earnings of less than $3,000 a year. Preliminary estimates for the calendar year 1949 indicated that as many as 40 percent of the persons who worked in all 4 quarters earned more than $3,000 in that year, while 22 percent earned more than $3,600. To keep the proportion of workers with all their earnings credited toward social insurance benefits at the level of 1939, the taxable maximum would have had to be about $4,900 in 1944, about $5,600 in 1948, and about $5,700 in

Chart 3.—EARNERS OF $3,000 OR MORE AND $3,600 OR MORE

Proportion earning as much as, or more than, taxable maximums under old and new law in employment covered by old-age and survivors insurance



1949. The Social Security Administration recommends the immediate establishment of a substantially increased maximum wage base.

A third important change which should be made in the benefit computation is the restoration of the increment of 1 percent in the benefit formula for each year in which the worker has substantial covered employment. The benefit formula included such an increment through 1950, but the new amendments exclude it thereafter.

An increment provides a higher benefit for long-term contributors as compared with persons who draw benefits after only a short period in the program. Consideration should be given to the normal feeling of individual contributors that their benefits should increase somewhat for long years of contributions. Furthermore, an increment also

helps somewhat in keeping benefits adjusted to the rising trend of wages. Although it is not by any means a perfect instrument for this purpose, the increment does raise benefit awards slightly year by year, and so, as wage levels rise, benefits awarded will be closer to recent wages than if there were no increment.

ELIGIBILITY

Further consideration should be given to the question of permitting women to qualify for benefits at age 60. Wives are customarily a few years younger than their husbands, so that when a man reaches age 65 the only benefit available for the couple is likely to be the husband's benefit, although there is as much need for the wife's benefit as when both are aged 65. A woman widowed or left dependent at age 60, who has not previously been employed, has a harder time than a young woman in finding a job. If the eligibility age for wives, and for widows and dependent mothers, is lowered to 60, the retirement age for women primary beneficiaries should also be lowered.

One of the most significant changes made under the 1950 amendments was the "new start" in eligibility requirements. The "new start" not only helps the newly covered groups, who have previously had no opportunity to participate in the program, but also makes it possible for many more of the present aged to qualify for benefits, since they can do so with only 6 quarters of coverage (earned at any time after 1936). It is estimated that about 700,000 persons who could not have qualified under the old requirements, will receive benefits in the first year of operation under the expanded program.

This sweeping revision in eligibility requirements, as well as the increased benefits and expanded coverage, were approved by Congress with the hope of reducing the need for old-age assistance and aid to dependent children. However, there will still remain a considerable "backlog" of aged persons who will not meet even the minimum requirement of 6 quarters of coverage. These are persons who were already out of the labor force in 1937, because of age or disability; a similar group as of 1950 who were in noncovered employment in the years 1937 to 1950 and who have no further opportunity to work; and those persons who have always worked in noncovered employment and whose occupations remain outside the scope of the new law. To the extent that the public assistance load is composed of such individuals, its size will not be affected by the improved insurance program.

A question has frequently been raised in recent years as to whether provision should not be made under the insurance program for the entire present generation of the aged. Several methods have been

suggested for enrolling the present aged as beneficiaries under the insurance program. They have in common the desire to benefit uninsured persons now close to or past retirement age.

If any such proposal for "blanketing in" the present aged is adopted, the cost of the resulting noncontributory benefits should be met out of general taxation rather than from the contributions of covered workers and their employers. In order that the cost of payment of benefits to noncontributors be kept within bounds, it is absolutely essential that any plan to bring in the present aged be accompanied by extension of coverage under the insurance system to all gainful employment. If this is done, those retiring in the future would have eligibility based on contributions and the need to pay benefits to noncontributors would be confined largely to the present aged. Only with universal coverage could a plan for "blanketing in" the present aged be considered as a transitional device which would not substantially increase the long-run cost of the system or threaten the contributory principle upon which the insurance program is founded.

A GOVERNMENT CONTRIBUTION

The level premium cost of the amended program for a generation of workers covered for an entire working lifetime—for example, the generation now under age 21—is estimated to be about 4 percent of payroll. In other words, if it were possible to set up a separate system applying only to that new generation of workers and the generations which come after, benefits at the level provided under the new law could be financed under that system on a "self-supporting" basis by collecting contributions of 2 percent from employers and 2 percent from employees.

For individuals who are now over age 21, however—people aged 30, 40, or 55, for example—the level premium cost of a program paying benefits at the level provided in the new law would be considerably higher. In fact, it is not possible to collect the full cost of adequate benefits from persons nearing retirement age and their employers without making the contribution rate prohibitively high. Nevertheless, it has been decided, as a matter of national policy, that these older workers ought to be paid adequate benefits. The level premium cost of the system as a whole, including the cost of paying full-rate benefits to older workers, is estimated to be 6.05 percent on an intermediate basis.[2]

The proposal has frequently been advanced that part of the extra cost of paying adequate benefits to those retiring in the early years

[2] *Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by the Social Security Act Amendments of 1950,* July 27, 1950. Prepared for the use of the Committee on Ways and Means by Robert J. Myers, Actuary to the Committee.

of the program—a cost unrelated to the value of the protection for those who retire later—be borne by general taxation. A Government contribution was recommended on this theory by the Committee on Economic Security in its report preceding the passage of the Social Security Act in 1935. In 1948 the Advisory Council to the Senate Committee on Finance recommended that at least part of this extra cost be covered by a Government contribution.

If a Government contribution were to be made for the purpose of meeting the additional cost of the benefits for the older workers, a maximum combined employer-employee contribution rate of 4 percent could be established, with a provision in the law for the Government contribution to cover the remainder of the cost. (This Government contribution might begin at the time when the 4-percent rate, plus interest earnings of the old-age and survivors insurance trust fund, is insufficient to cover expenditures.) Under this plan, each generation would contribute at a rate that would pay its own way, but no more; and over the long run a close relationship would be maintained between the value of the protection and the rate of contribution.

Program Operations

The following paragraphs summarize program operations during the fiscal year 1950. Because of the 1950 amendments, however, experience in past years will have limited application in evaluating the future effectiveness of the program.

BENEFICIARIES AND THEIR BENEFITS

The number of persons receiving monthly benefits rose steadily throughout the fiscal year, from 2.55 million on June 30, 1949, to 2.93 million on June 30, 1950, an increase of 15 percent. The monthly amount of their benefits increased from $51.5 million to $60.7 million. Of the 2.9 million beneficiaries, 47.3 percent were retired workers, 14.3 percent were wives of these workers, 22.7 percent were children of retired or deceased workers, 5.3 percent were widows who were caring for child beneficiaries, 9.9 percent were aged widows, and 0.5 percent were aged dependent parents of deceased workers. Persons aged 65 or over comprised 72 percent of the total number receiving benefits as compared with 70 percent a year earlier.

Amounts certified to the Treasury Department for payment during the year totaled $715 million for monthly benefits and $34 million for lump-sum payments, increases of 20 and 6 percent, respectively, over the amounts certified during the preceding fiscal year. These amounts included $2.8 million certified for monthly benefits, and $197,000 for lump-sum payments, to survivors of World War II veterans under section 210 of the 1946 amendments.

Monthly benefits were awarded to 676,000 persons during the fiscal year, 9 percent more than in 1949. Awards to retired workers and their dependents amounted to about 468,000, or more than 69 percent of the total. Awards of lump-sum payments totaled 215,000.

During the fiscal year, 2,300 monthly benefits and 2,375 lump-sum payments were awarded under section 210 of the Social Security Act to survivors of World War II veterans. These awards were 78 percent and 70 percent, respectively, less than in the preceding year, largely because the 3-year insurance protection ended for a large number of veterans. Benefits were also awarded to survivors of 14,400 deceased workers who had earnings under both the old-age and survivors insurance and the railroad retirement systems.

At the end of the fiscal year, the average benefit being paid to a retired worker with no dependents also receiving benefits was $26.80 for men and $20.80 for women. For a retired worker and his wife the average was $41.90. In survivor families the average benefit for aged widows was $20.90, and for a widowed mother and one child, $36.70.

INSURANCE STATUS

By the beginning of 1950 an estimated 40.0 million living persons were fully insured under the program—1.4 million or 3.6 percent more than the number on January 1, 1949. They included 14.9 million persons permanently fully insured, an increase of 1.9 million; these workers had acquired sufficient quarters of coverage to remain fully insured throughout their lifetimes without additional covered employment. Of the 14.9 million, 2.2 million were aged 65 and over. About three-fifths of these older workers—in contrast to one-half in 1949—were currently receiving benefits.

In addition to the 40.0 million who were fully insured, 5.7 million others were currently but not fully insured. Hence, at the beginning of 1950, 57 percent of all living persons who had worked in covered employment at some time during 1937-49 were insured.

The cumulative amount of taxable wages the uninsured workers had received was comparatively small. On January 1, 1949, for example, the average amount of cumulative wage credits received by uninsured workers during the preceding 12 years was only $1,450, in contrast to $13,450 for workers fully insured at that date, and $5,900 for those currently but not fully insured.

WORKERS AND THEIR WAGE CREDITS

By January 1, 1950, an estimated total of 80.4 million living workers had earned wage credits since the beginning of the system. Of this number, 3.7 million or about 4.5 percent were aged 65 and over.

The total number of workers employed in covered jobs at some time during the calendar year 1949 is estimated at 48.0 million. The total amount of wage credits they earned was $80.4 billion, about three-fifths of the amount of all the wages and salaries paid in covered and noncovered employment. Average annual wage credits were $1,675, the highest on record.

During 1949, an estimated 2.3 million persons received their first wage credits. These new entrants numbered some 300,000 fewer than in 1948 and accounted for 4.8 percent of the total number of workers who received wage credits during 1949.

APPLICANTS FOR ACCOUNT NUMBERS

There were 2,340,000 employee accounts established in the calendar year 1949. Applications declined 14 percent from the 1948 total and were less than a third of the 1942 wartime peak.

APPEALS

During the fiscal year, 2,464 requests for hearings were filed, expressing dissatisfaction with administrative determinations regarding entitlement to benefits, benefit amounts, suspension or termination of benefits, or the amounts posted to individuals' wage records. In addition, 470 appeals were carried over from the preceding year. Hearings were completed in 2,441 cases, and the referees disposed of 2,382 cases, including some heard previously. The original actions of the Bureau were modified, in the claimants' favor, by approximately one-fourth of these decisions. At the close of the fiscal year, 27 civil actions on claims were pending in the courts; 12 of the 16 such cases decided during the year upheld the Administration's position. Of the 74 court decisions rendered since the appeals provisions of the 1939 amendments became effective (and on which no further appeals were taken), 51 upheld the Administration's action.

ADMINISTRATIVE DEVELOPMENTS

The time and effort required to process a constantly growing claims load has been substantially reduced through stabilized employment in the Bureau, use of improved operating techniques, and the availability of more efficient mechanical aids. The average time elapsing between application and certification of payment has been substantially reduced, i. e., more than 11 calendar days have been cut from the previous usual case average. The ordinary processing time of a new claim now averages about 25 calendar days.

An example of improved operating technique is the use of dual payment rolls for recertifying monthly benefit payments. One master payment roll includes payments to all beneficiaries eligible as of a

particular date and is frozen for a 6-month period, except for the deletion of beneficiaries whose payments are suspended, adjusted, or terminated. Use of this roll permits establishment of a balanced total which remains constant throughout the period except for the deletions. The other payment roll includes newly entitled beneficiaries and those whose benefits have been reinstated or changed in rate. Other Government agencies have shown marked interest in this dual roll plan, which saves considerable manpower and machine time.

As a result of a change in Treasury regulations, the Bureau is now certifying payments to beneficiaries who became entitled to payment after 1946 and are residing in the western zone of Berlin, in West Germany, and in Japan. Payments had not been made to such persons since the beginning of World War II.

To accomplish earlier detection of instances in which representative payees on behalf of children and incompetent adults may not be using funds for the beneficiary, procedures were devised under which field offices of the Bureau reappraise the fitness of representative payees some time after their selection to assure proper handling of the funds.

Management improvement has always been a continuous, day-to-day objective of the Bureau. During the year the Bureau integrated its continuing activities for improving management with the President's Management Improvement Program and with the Bureau's established work planning and reporting systems, to ensure systematic review and appraisal at all supervisory levels of the progress of and plans for management improvement. Employee participation in management improvement, already widespread, has been intensified through an employee suggestion system, meritorious promotions for superior accomplishments, and recognition of long service with the Bureau.

Continuous investigations have been made of new systems and work methods and of new and improved equipment. A high-speed electronic calculator, newly installed, should lead to economies and improved production in the Bureau's claims processing. In addition, the National Bureau of Standards is to survey the Bureau's wage-record and statistical operations in 1951 to ascertain the areas of work adaptable to the use of other electronic devices.

In the first annual report of the Social Security Board in 1936, attention was directed to the fact that "almost as serious as the problem of personnel is that of securing office space . . . This situation has seriously impeded the progress of the organization; employees have been required to work under conditions which affect adversely

both the quantity and quality of their output." This statement is equally applicable today with respect to the nearly 5,000 employees in the central offices of the Bureau of Old-Age and Survivors Insurance. H. R. 7873, introduced in the Eighty-first Congress, would provide the Bureau with a new building. The House of Representatives has taken affirmative action on this bill, but the bill has not yet been considered in the Senate.

The cumulative impact of 14 years of inadequate space, plus the additional burden which will be placed upon overcrowded facilities by expanded legislation, aggravates this pressing problem. Adequate housing for the Bureau's central operations would increase efficiency, achieve substantial economies, and solve many long-standing personnel and related problems.

ADMINISTRATIVE COSTS

The 1950 volume of work in establishing and maintaining accounts of employees was slightly lower than in 1949. On the other hand, new highs were again reached in processing claims for benefits, paying monthly benefits, and maintaining the rolls of beneficiaries.

The total administrative cost directly attributable to the old-age and survivors insurance system during the fiscal year equaled 2.7 percent of the contributions received and represented 7.8 percent of benefit payments. A part of these costs was incurred by the Bureau of Old-Age and Survivors Insurance in processing current claims, certifying benefits, and establishing and maintaining wage records on the basis of which eligibility for, and the amount of, future benefits will be determined. The total also includes all other costs incurred within the Federal Security Agency that are directly attributable to this program, as well as costs incurred by the Treasury Department in collecting contributions under the Federal Insurance Contributions Act, managing the trust fund, and issuing benefit checks.

The Bureau's administrative costs were 2.6 percent of contributions collected in the fiscal year 1941 and 2.0 percent in 1950. These costs included administrative costs of 6 area offices, 478 field offices, 2,567 itinerant stations, and 18 detached official stations, as well as of the central offices in Baltimore.

CONTRIBUTIONS AND DISBURSEMENTS

Contributions from employees and employers during the fiscal year amounted to $2,106 million, an increase of 25 percent over the amount for the preceding fiscal year. This large increase resulted partly from a newly instituted method of collecting a substantial proportion of contributions monthly rather than quarterly, and partly also from

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an increase in the contribution rate. In addition, $3.6 million was appropriated to the old-age and survivors insurance trust fund from the general fund of the Treasury for payment of benefits to survivors of certain World War II veterans, as provided under section 210 of the Social Security Act. Interest received on investments totaled $257 million. Disbursements from the fund amounted to $727 million for payment of benefits and $57 million for administrative expenses. On June 30, 1950, the fund's assets totaled $12,893 million, an increase of $1,583 million during the fiscal year.

Except for $248 million held in cash to meet current withdrawals, all assets in the trust fund on June 30, 1950, were invested in Government securities. All securities purchased for the fund during the fiscal year, except for a small amount purchased in the open market, were special certificates of indebtedness with an interest rate of 2⅛ percent. As of June 30, 1950, $10,418 million was invested in these 2⅛-percent special certificates of indebtedness, $2,223 million in 2½-percent regular Treasury bonds, and $4 million in 2¼-percent regular Treasury bonds. The Treasury bond figures include $6 million in unamortized premiums. The average interest rate on all investments of the trust fund as of this date was approximately 2.2 percent.

Public Assistance

The enactment of the Social Security Act Amendments of 1950 marks a significant advance in the development of the American social security system. The old-age and survivors insurance system has now been firmly established as the primary method of supplying basic maintenance when age prevents self-supporting employment or when the death of a wage earner results in privation for his dependents.

The amendments also strengthened the public assistance program in several significant respects. The most important provision is a new program of grants-in-aid to the States for needy persons who are permanently and totally disabled because of various kinds of physical and mental handicaps. The addition of this new category is a major extension under the system of grants-in-aid to States for public assistance. Under it, assistance, partly financed by Federal funds, will become available to an additional group of handicapped persons 18 years of age or older.

Another significant amendment enables the Federal Government to participate in larger State payments for aid to dependent children. This provision increases by $27 the maximum amount of the State assistance payment in which the Federal Government will share. This change, which for the first time recognizes the needs and expenses of the mother or other persons who are keeping the home together for

the children, will aid materially in improving the general level of assistance available to needy children.

A further provision makes public assistance grants available to Puerto Rico and the Virgin Islands. In both islands, need is widespread and fiscal resources can meet only a fraction of the need. Up to now, both Puerto Rico and the Virgin Islands have been excluded from the assistance titles of the Social Security Act although they have been included in other grant-in-aid programs.

Another amendment will enable the Federal Government to participate in payments made by the State public assistance agency directly to individuals and agencies that supply medical and remedial care to recipients of assistance within the maximum on individual monthly payments. Up to now, the Federal Government could share only in the assistance payment made to the recipient, which precluded sharing in payments made by the agency to medical practitioners or to other agencies for the medical care they gave the recipient. In many instances, a State agency feels that such direct payments are preferable. In an earlier study of medical care in public assistance, for example, it was found that three-fifths or more of the costs of hospitalization were paid directly to the hospitals. In other forms of medical aid, the recipient more commonly paid the cost out of his assistance payment. The prohibition on Federal sharing in payments to persons in public institutions is also relaxed to allow Federal participation in assistance given to patients in public medical institutions except persons diagnosed as having a mental disease or tuberculosis.

In addition to these public assistance amendments, strengthening the insurance program should eventually have an important effect on the role of the assistance programs. As a result of broad extension of coverage and the liberalization of old-age and survivors insurance benefits under the amendments, the insurance program will supply basic maintenance to many more people. Provisions shortening the period of employment necessary for retired workers to qualify for benefits will mean that many persons now receiving old-age assistance can qualify for insurance benefits. As the social insurance program grows toward maturity in coverage and in size of benefits, the public assistance program will be able to assume more nearly its supplementary and residual role.

Many persons, however, will still not be covered under the new insurance provisions. Others will not meet even the shortened period required to qualify for benefits. Many others will qualify only for the minimum benefit. For these people and for others, too, who are in special circumstances and have special requirements, the benefit may not be large enough to meet their needs unless they have other sources

of income. During the fiscal year more than 200,000 old-age assistance payments were made each month to supplement small or inadequate benefits. Public assistance supplementation of social insurance benefits will undoubtedly continue to be needed, just as assistance supplements other resources of recipients.

Congress also enacted a bill providing for the rehabilitation of the Navajo and Hopi Indians of Arizona and New Mexico. This law also assists the two States in providing aid to needy Indians residing on these reservations, which are large undeveloped areas. Under the new provisions the Federal Government will pay, in addition to the amount normally contributed, 80 percent of the State share of such assistance payments.

At the close of the fiscal year 1950, the Bureau of Public Assistance was engaged in planning for the administration of the public assistance amendments which Congress was then in the process of enacting. Existing policies and procedures were examined to see what changes would be needed, and arrangements were made for conferences with State public welfare administrators and for various committees of State and local people to study the problems raised by the legislation. Work was begun on the development of policies and standards based on the amendments, and plans were made for revising and extending the statistical reporting system to supply information on the operations of the State programs under the amendments. A major activity of the Bureau for the next year will be the work concerned with the establishment of the new grant program of aid to the permanently and totally disabled; extension of the assistance program to Puerto Rico and the Virgin Islands; extension of Federal participation to payments made directly to suppliers of medical services; and the authorization for Federal sharing in the cost of assistance to patients in public medical institutions.

Program Developments

RECIPIENTS AND THEIR PAYMENTS

The number of assistance recipients during the fiscal year 1950 was the largest in the history of the program under the Social Security Act. Expenditures from Federal and State funds were correspondingly high. In June 1950, 6.3 million persons, or about one in 24 in the population, were getting some form of public assistance, either as recipients or persons in recipients' families whose needs were taken into account in determining the amount of assistance. Expenditures from all sources—State, local, and Federal—for public assistance payments were $2.3 billion during the fiscal year, or 1.2 percent of

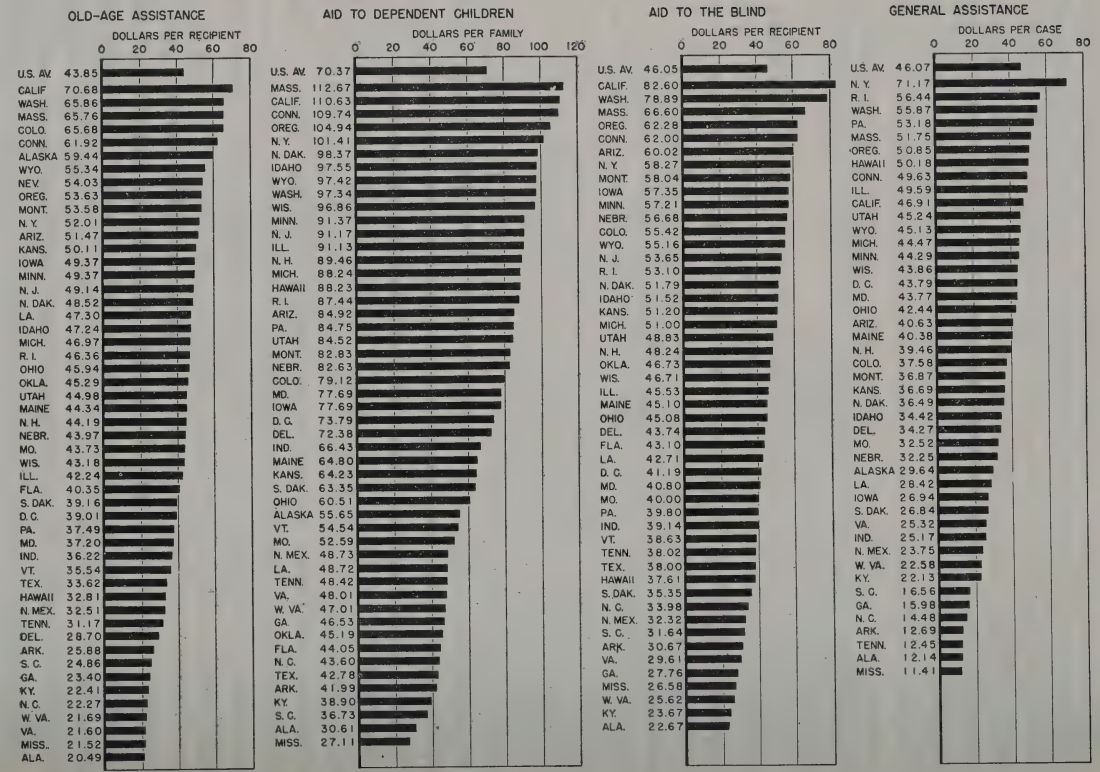
national income payments in 1949. Only the veterans program had larger total payments. In terms of numbers of persons affected, public assistance continued to be the principal public provision for income maintenance in the United States.

Old-age assistance.—Old-age assistance is the largest of the assistance programs. At the end of the fiscal year, 2.8 million people 65 years of age and over were receiving assistance. This number was nearly 175,000 more than that in June 1949. Monthly payments to recipients averaged $44. For the entire year, the bill for old-age assistance was $1.4 billion, of which the Federal share was $789.4 million. For every aged person receiving old-age and survivors insurance at the close of the fiscal year, 1.3 persons were getting old-age assistance; for every dollar spent for benefits to aged beneficiaries, $2.52 was spent for old-age assistance.

As in earlier years, the proportion of the aged population aided and the amount of the average assistance payment varied widely in State programs of old-age assistance. At the end of 1949, 241 out of every 1,000 aged persons in the Nation got old-age assistance. This is an average figure, however. In many States the rate was higher, and in many, much lower. In Delaware and New Jersey, fewer than 70 per 1,000 received payments. On the other hand, in Georgia and Oklahoma the number per 1,000 was more than double, and in Louisiana more than three times, the national average. In general, the States with low proportions of their old people on the assistance rolls are those with a high per capita income and a high proportion of oldsters getting benefits or pensions under other income-maintenance programs. In contrast, States with high recipient rates are for the most part those where per capita income is low and a relatively small proportion of the old folks benefit from old-age and survivors insurance and other pension or retirement systems. Many of these States are predominantly agricultural. The number of recipients of assistance in relation to the number of old people in the State is also significantly affected by State policies regarding the amount and types of property that a person may retain and the circumstances in which he may retain it and be deemed eligible for aid, the responsibility that children and other relatives are expected or requested to assume for the support of an aged individual, and the standards adopted for determining the amount of assistance to be granted.

The average amount of assistance received by needy old people in June 1950 ranged from $20.49 in Alabama to $70.68 in Californa. In eight States—all in the South—the average monthly payment was under $25; in five States the average was more than $60.

Chart 4.—AVERAGE PUBLIC ASSISTANCE PAYMENT, JUNE 1950



Aid to dependent children.—At the close of the fiscal year, 1.7 million children, in nearly two-thirds of a million families, were receiving aid to dependent children, an increase of one-fifth in number of children since June 1949. The children aided are those who do not have normal parental support or care because of a parent's death, incapacity, or continued absence from home, and who are living either with their parents or other relatives. Expenditures in the fiscal year amounted to $520 million; $227 million was from Federal funds.

The father was dead in nearly one-fourth of these families, and incapacitated in another one-fourth. In the other families, he was estranged from the mother or absent from the home for other reasons.

According to a special study, it is estimated that, of all families with children, about 1 family in 50 was receiving aid to dependent children in mid-1948. Aid to dependent children families with two parents in the home—chiefly those with incapacitated fathers—represented only 1 in 200 two-parent families in the population. Among broken families the proportion receiving aid to dependent children was larger. Nearly 1 in every 10 families in which the parents were divorced and only the mother was in the home received aid. Of the families made up of widowed mothers and children, 1 in 7 were on the rolls. For the other broken families—those in which the father had deserted or had not married the mother, was incapacitated and away from home, or was absent for another reason—the proportion receiving aid was about 1 in 5.

Increasingly, the burden of caring for children whose father is dead or incapacitated is shifting from public assistance to other income-maintenance programs, including old-age and survivors insurance, railroad retirement, and veterans programs. The largest burden of caring for fatherless children under aid to dependent children falls on the States where the proportion of workers in industrial employment covered by old-age and survivors insurance is relatively small. These are the agricultural States.

At the end of the fiscal year, the average monthly assistance payment was $70 per family, and $20 per person, including the children and the mother or other relative caring for them. In contrast, in old-age assistance and aid to the blind, the averages per person were $44 and $48, respectively, under Federal-State programs. The Federal Government has always participated in the costs of aid to dependent children on a less liberal basis than in those for old-age assistance and aid to the blind. The 1950 amendments will help bring the average payment more nearly in line with the averages in old-age assistance and aid to the blind.

Toward the close of the fiscal year, shortages in State and local funds

for aid to dependent children became acute and payments to many families were sharply reduced. For the country as a whole, the June 1950 average payment per family was nearly $3 below that in March. A drop of more than $1.50 occurred in 22 States; in 8 of them it amounted to more than $6. Although the reductions were based on repricing surveys in a few States, in general the lower payments represented cuts in the percent of need met. The 1950 amendments, which for the first time give special recognition to the needs of an adult caring for a child, should greatly ameliorate this situation.

The State programs continue to vary widely in the amount of assistance paid and in the relative number of children aided. At the close of the fiscal year, the average payment per person in the State with the highest average was more than four times the lowest State average. Similarly, in December 1949 the number of children aided in relation to the child population in the State with the highest recipient rate was seven times that in the State with the lowest.

Aid to the blind.—In June 1950, more than 77,000 blind persons were receiving aid to the blind under Federal-State programs. In addition, about 18,000 persons were receiving aid to the blind or blind pensions in Missouri, Nevada, and Pennsylvania, under programs operated without Federal aid. These 95,000 persons probably represent between a third and two-fifths of all blind persons in the Nation.

Aid to the blind in States receiving Federal funds may be available not only to persons who are totally blind or can perceive only light or motion, but also to those with some ability to see, though too little to permit them to do effectively any kind of work for which sight is essential. In addition to those on the aid to the blind rolls, many other blind persons are undoubtedly receiving old-age assistance, since blindness is closely associated with the aging process. The progressive increase in the relative number of older persons in the population will result in an increased amount of blindness in future years, unless medical care and other preventive measures offset the effects of aging.

In the fiscal year, expenditures for aid to the blind totaled about $42.2 million in States with approved plans. Of this amount, the Federal Government contributed $21.9 million.

At the end of the fiscal year, recipients of aid to the blind were getting an average of nearly $48 monthly in the States with federally aided programs. Payments ranged from an average of only $23 in Alabama to $83 in California.

General assistance.—State-local general assistance programs provide for needy persons who do not qualify for the three types of aid

provided by the Social Security Act and for some persons getting aid under one of the other programs but not enough to meet their needs.

At the close of the fiscal year, about 1.1 million persons in more than one-half million "cases" were getting general assistance. The number of cases was about one-seventh greater than in June 1949.

During the year, a relatively high rate of unemployment in many areas, accentuated by strikes in the steel, coal, and automobile industries, resulted in increased need for general assistance. In some States the temporary discontinuance of benefits under the United Mine Workers welfare and retirement fund increased the rolls, not only for general assistance but also for old-age assistance and aid to dependent children.

The most drastic increases in general assistance loads occurred in Hawaii and Rhode Island, where unemployment was severe and continuous. The strikes in the steel and coal mining industries and the lay-offs in other industries because of material shortages resulting from the work stoppages had the most pronounced effect in Pennsylvania. West Virginia's general assistance program was especially hard hit by the temporary discontinuance of the United Mine Workers benefits.

Of the civilian population of the country, about 1 in 100 persons was being aided through general assistance in December 1949. The rate in Rhode Island was more than 50 times that of Mississippi.

In June 1950, general assistance payments in the Nation averaged $46 per case, or approximately $22 per person. The diversity in State programs is apparent in levels of payments as well as in the relative size of case loads. The highest average payment per case was six times the lowest State average.

In 15 States, general assistance programs were financed wholly from local funds. In the other 36 States, the State share was under 25 percent in 6 States; 25–50 percent in 8 States; 50–75 percent in 7 States; and more than 75 percent in 15 States.

In the States that give little or no financial help to the communities toward general assistance, there is also little or no State supervision of administration. Each community tends to establish its own conditions of eligibility and its own standards of assistance. In many communities, real-estate taxes, already heavily supporting other community services, are the principal sources of revenue. In a great many communities throughout the Nation, conditions of eligibility for general assistance are highly restrictive and the amount of assistance available to those who qualify for help is extremely meager.

The new provisions for State-Federal programs of aid to the permanently and totally disabled will take care of many persons now

on the general assistance rolls and reduce still further the demands upon general assistance as a "catch all" in caring for persons who cannot qualify for insurance benefits or other types of assistance.

EQUITY AND OBJECTIVITY IN ADMINISTRATION

The Social Security Act is intended to aid the States in furnishing adequate assistance to needy persons. Implicit in the act are requirements that the States shall administer the programs so that persons in similar circumstances are treated similarly. The requirements of equity and objectivity are of critical importance in administering the assistance programs. They give assurance that applicants for assistance will have their eligibility determined by the same standards wherever they live in the State, and that assistance received will be related to the extent of their need. The Bureau of Public Assistance believes that persons who are disadvantaged by having insufficient money to meet their current requirements should be assured of treatment by their government which respects their rights as citizens in the community and as individuals.

The Bureau has concentrated its efforts on the development of policies which assure each individual the right to apply for assistance if he believes that he is eligible and to prompt payment of assistance once eligibility is established. Other policies have been directed to the most critical area of assistance administration—the determination of need and the amount of payment. Bureau policies and field service effort of the Bureau staff have been designed to encourage and help the State welfare agencies to assume an even greater responsibility by promulgating policies that are clear and that can readily be applied by local staff and by enforcing these policies uniformly throughout the State.

The findings of the administrative review, the Bureau's continuing examination of State and local public assistance administration, reveal that significant progress has been made by the States in developing and applying State-wide standards in many areas of public assistance administration. Such progress, however, was not uniform throughout the country. While the role of a sound plan in leading to sound practice seems to be firmly established, operations in some States lag behind the objectives set forth in the State plan submitted to the Bureau. States in which the policies are not definite and the procedures not clear have made notably less progress toward an equitable assistance program than the States that have established a well-considered plan of operation. It is in recognition of this fact that the Bureau has stressed to the States the importance of developing clear and objective instructions to be used by the local staff in the State.

State plan material submitted this year showed improvement in the assurance it gives to all persons of the opportunity to apply. Although not all States were able to carry out this part of their plan, because of inadequate funds, the evidence is that the instances in which the opportunity to apply for assistance has been delayed or limited are fewer and less serious. Some State agencies have made notable progress toward shortening the period of time between the application for aid and the decision on the application. The majority of agencies have improved the recording of the facts necessary to support the validity of decisions regarding eligibility or ineligibility.

The Federal requirement that in each instance the State agency must redetermine, at least once a year, the continuing eligibility of recipients, including follow-up investigations as required, has been fulfilled in nearly all States.

In policies governing the determination of need, State plans are continuing to specify more consumption items that must be included and fewer items that are optional and thus left to the judgment of the local worker. The States are giving increasing attention to policies about consideration of income and resources. State plans are specifying more definitely the amount of property that can be retained by otherwise eligible applicants. More plans are setting up a uniform method for establishing the value of property. Practically all plans define what is meant by "available income and resources." The great majority of States now write into their plans procedures to ensure fair hearings in accordance with Federal requirements.

STAFF DEVELOPMENT ACTIVITIES

Over the years, requests from State public assistance agencies for help in training employees have become increasingly frequent and urgent. They are particularly concerned about how to obtain qualified social workers in the local agencies, which have the responsibility of dealing directly with difficult problems affecting the well-being of needy individuals.

The development of the group method of teaching during recent years prompted the Bureau of Public Assistance to place more emphasis on consultation to groups of States. During the year, the Bureau gave group consultation on subjects requested by the State agencies—case clinics for visitors, training centers, student field work, and case recording. Regional conferences were held to discuss State field supervision and staff development. The effectiveness of such group consultation was indicated by the number of agencies that sent representatives to the meetings. A beginning was made during the year in the study and use of audio-visual aids in training public assistance staffs.

As in preceding years, the Bureau published working materials in the area of staff development for the primary use of State and local agencies. The agencies requested standards for training programs and information about methods used in other States to achieve effective staff performance in the administration of the public assistance programs. As has always been the case, these publications grew out of current administrative practice and supplemented the consultation given through field visits.

The Bureau of Public Assistance and the Children's Bureau jointly sponsored a survey of salaries and working conditions of personnel in social work positions in public welfare agencies. This survey was one segment of a broader, Nation-wide survey being conducted by the Bureau of Labor Statistics in other public agencies and in private agencies. Through this study, for the first time, information will be available on the educational background of such personnel and the length and types of their experience in social work and other positions. This information will be useful to the States in formulating their training programs and to the Bureau in providing consultation on such programs.

Another aspect of training activity was the meetings of the Committee on Training and Personnel, which is advisory to the Children's Bureau and the Bureau of Public Assistance. This committee continued its work on a project to analyze and record knowledge, skills, and personal qualities needed for effective performance in social work positions in public welfare.

PUBLICATIONS AND REPORTS

During the year, the Bureau continued to issue publications and reports on important aspects of the program. For administrative and congressional use and for public information, analytical materials were prepared on the operations of State public assistance agencies and on proposed changes in Federal legislation relating to public assistance. Comprehensive statistical reports on public assistance operations were released regularly and the results of special studies were published during the year. Reports were issued relating to sources of revenue for the State share of public assistance in the fiscal year 1948 and to the characteristics of aid to dependent children families in a postwar year. In cooperation with the Bureau of Old-Age and Survivors Insurance and State public assistance agencies, a special study was conducted on the status of old-age assistance recipients in relation to old-age and survivors insurance to supply a basis for estimating the effects on old-age assistance of changes in old-age and survivors insurance coverage and benefits. Technical consultation was supplied to State public assistance agencies in the

development of information essential in controlling program operations, estimating and justifying need for funds, measuring the effects of policies and social and economic conditions, establishing standards, and appraising proposals for changes in law and policy.

Staff development materials were also issued during the year. These included publications on training centers, regional conferences, and case recording in public assistance administration. The quarterly publication on hearings in public assistance based upon State experience was continued. A new series of publications initiated during the year presents illustrations of State methods and procedures in the administration of the assistance programs. This series is an additional medium for making generally available the experience of individual States in the administration of public assistance.

RELATIONS WITH NATIONAL ORGANIZATIONS

At the close of the fiscal year, several members of the Bureau staff were actively at work in planning for the National Conference on Aging, called by the Administrator at the request of the President. This Conference, held in August 1950, was an outgrowth of the Intra-Agency Committee on the Aging established in 1949, of which the Director of the Bureau is Chairman and a staff member is Secretary. Other Bureau staff members are serving on various committees of the Midcentury White House Conference on Children and Youth.

In October 1949 the Bureau called a meeting of a group of representatives of national private agencies having institutional programs for the aged. The meeting was the outgrowth of 4 years of discussion on the extension of sheltered care and other services to recipients of old-age assistance and aid to the blind. These meetings have brought about a close understanding and working relationship between the Bureau and the private groups in dealing with aspects of the assistance program of mutual concern.

During the year the Bureau Director and other members of the staff participated in programs of the National Conference of Social Work, the National Social Welfare Assembly, the American Public Welfare Association, the American Association of Schools of Social Work, the Community Chests and Councils, and other private social welfare agencies. These meetings, despite the additional pressure of work they place on the Bureau staff, are of value, the Bureau believes, in bringing about effective cooperation between programs of public and private welfare agencies.

SOCIAL WELFARE AROUND THE WORLD

Social policies continued to be emphasized in determining and promoting the objectives of the United States in international relations.

Within the Social Security Administration the Bureau shared responsibility for consulting with and assisting the Department of State in considering and taking action on social welfare questions arising from the relations of the United States with international organizations and other governments. The Director of the Bureau served as the alternative member for the United States at meetings of the Sixth Session of the Social Commission of the United Nations when the Commission was discussing international action on various social welfare questions. As Acting Chairman, the Director also presided at meetings of the Subcommittee on Social Welfare of the Interdepartmental Committee on International Social Policy.

The Bureau arranged training programs for 35 social welfare specialists from 19 countries who came under the auspices of the United Nations, the cultural exchange program of the Department of National Defense for occupied areas, and the scientific and cultural cooperation program (Public Law 402, 80th Cong.). A staff member participated in a social welfare study in Mexico. The Bureau participated in planning for anticipated expansion of social welfare aspects of technical assistance under the Point Four program.

To bring to bear on its international activities the representative thinking of social workers from voluntary organizations and public departments, and to coordinate its international activities with those of other organizations, Bureau staff participated in committees on international affairs and working groups of the National Social Welfare Assembly and of other national organizations. One of the Bureau's primary aims in all its international activities has been to stimulate closer collaboration and exchange between social workers in the United States and abroad.

Improving Public Assistance

Changes made in the old-age and survivors insurance program make it possible that, in the foreseeable future, the insurance program will assume its proper role as the major or primary defense against loss of income. It can be expected, therefore, that the numbers dependent on public assistance for causes covered by old-age and survivors insurance will decline from the present levels. As this occurs, the public assistance programs will increasingly be able to assume their proper role as residual and supplementary programs designed to meet the particular needs of individual people who are not covered, or whose needs are in excess of benefits paid, by insurance programs. Under the revised social insurance program, benefits will materially

help many people to meet their basic needs, particularly those who have private income and savings. Many people, however, approach old age with little or no private income or savings. Social insurance benefits for these individuals, and even for some of the people who have income and savings, may not be sufficient when their requirements, such as medical care or care in a nursing home, are costly, and thus supplementation by assistance may still be needed.

Many of the economic risks which people face, moreover, are not now subject to social insurance protection, and many are of such a nature that insurance coverage is not feasible. The present old-age and survivors insurance program has little if any effect on the number of persons dependent for reasons other than old age or death of the wage earner. Dependency caused by illness is not yet covered by insurance protection except in the few States where disability insurance programs are in operation. Dependency stemming from desertion, nonsupport, or illegitimacy is not suitable for insurance protection.

As assistance administration is relieved of the strains of dealing with ever mounting caseloads and expenditures, it can increasingly turn its attention to the quality of the help assistance agencies give through welfare services to needy people. The assistance program should become more effective in helping people meet their particular needs in ways which will help them regain control of their own living. Public welfare agencies should also be able to aid in making community resources available so that the people can carry out plans for their own rehabilitation and increase their ability to meet and deal with their own personal problems. To give this kind of service will bring the public assistance programs closer to a realization of their real purpose and potentialities.

Already, through the Social Security Act, substantial progress has been made toward assuring the people of this Nation that freedom from want is a genuine reality. Increasingly, too, the welfare departments are giving the kinds of service to people which often is unavailable elsewhere. The grant-in-aid device offers a means of extending these programs of assistance and service as one aspect of democracy's determination to promote the welfare of its people.

GENERAL ASSISTANCE

Fifteen years of experience in administering the public assistance programs has convinced the Social Security Administration of the need for a broader coverage in the State-Federal assistance programs. The greatest unmet need occurs in the field of general assistance. Inasmuch as there are no Federal grants-in-aid available to the States

for general assistance, each State is left to carry alone what it can afford to do for needy persons who do not otherwise qualify for old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled. In some high-income States, where there is adequate financing and a long tradition of care of dependents, the general assistance program has been adequate to meet the needs. Unfortunately, however, States with limited resources have had to choose between spending their inadequate public welfare funds in such a way as to attract Federal funds or to expend their funds for general assistance and receive no supporting Federal financial help. The enactment of the new category for the permanently and totally disabled will not relieve this situation. Persons who are disabled but not permanently or totally, the prematurely aged, the unemployed, and the underemployed will continue to depend upon what the States, unaided by Federal funds, are able to do for them. Grants to the States for general assistance are urgently needed to enable them to assist needy persons ineligible under the other categories. The Social Security Administration recommends that Congress enact such a program.

Once the social insurance program becomes more fully mature, the number of persons dependent upon the public assistance programs for causes covered by insurance will, undoubtedly, decline from present levels. Although the cost of public assistance may decline as time progresses, the need for a comprehensive coverage will continue to be urgent. Inadequate coverage of the public assistance programs is costly to the Nation in terms of the ultimate consequence of neglect of poverty. Ill health, maladjustment leading to delinquency and other antisocial behavior, and a high incidence of expensive institutional commitments are inevitable consequences of unrelieved poverty. For these reasons, it is essential that the assistance program be broadened to include needy persons not now aided.

RESIDENCE AND CITIZENSHIP REQUIREMENTS

Considerable progress has been made by States in eliminating restrictive conditions of eligibility from their public assistance programs. Many States, however, still impose residence and citizenship requirements. In our modern society with its mobile population, residence requirements are an anachronism and, like citizenship requirements, they work great hardship and prevent needy and otherwise eligible persons from obtaining aid. The Federal law does not require the States to have such requirements but it does not prohibit them from imposing those restrictions. To fulfill the objective of having assistance available to needy people, residence and citizenship re-

quirements should be prohibited in State public assistance programs approved under the Social Security Act.

EQUALIZING GRANTS

Adequacy of assistance payments is essential to any public aid program. The Social Security Administration has been greatly concerned over the level of payments which some States are now making to assistance recipients. States with low per capita income are not only limited in the tax revenue they can raise, but often have a relatively high proportion of people who need public aid. The Administration again recommends that the formula governing the Federal share of assistance programs be changed so as to provide for a more equitable distribution of Federal funds, taking into account the fiscal ability of the various States and their public assistance needs.

SEPARATE FINANCING OF MEDICAL CARE

To be adequate, assistance must recognize the need recipients have for medical care. Indigent persons as a group need more medical care than do self-supporting people. Illness and disability are frequently the causes of need and dependency. The Social Security Administration welcomes the amendment enabling the Federal Government to share in the cost of medical payments made directly to the suppliers of medical service. It is to be hoped that Congress will establish a method of financing these payments that would give funds to the States in addition to those available for money payments made to recipients. Such a step would recognize the fact that costs of medical care are above and beyond the usual maintenance needs of recipients. Without provision for separate financing of the cost of medical care, Federal participation will be available only when such payments are made within the regular individual maximum previously applicable only to the money payment. The additional amount thus available for medical care will be very limited. The Social Security Administration therefore recommends separate financing of medical care based on an average maximum amount.

SEPARATE FINANCING OF WELFARE SERVICES

Increasingly, the local welfare departments are becoming a focal point for services to residents of the community. A large proportion of our population lives within areas not served by private social welfare agencies. These people look to the local welfare department for information and advice with respect to community resources available to meet their problems. Even in the urban areas the complexities of the problem and the inadequacies of their finances make it difficult for

private welfare agencies to meet all the demands placed upon them.

The public welfare department should be a place where people can go, not only for financial aid but also for help with family welfare problems not related to economic need. In the social security hearings held in 1949 before the Ways and Means Committee, many persons spoke of the need for Federal grants-in-aid to the States for welfare services including homemaker service. As a result of such testimony, Congress increased considerably the amount available to the States in the form of grants for child welfare services. With respect to adult and family welfare services, the Ways and Means Committee encouraged the States to make such services available to applicants and recipients of assistance as a part of the cost of administration, which the Federal Government shares with the States. The Social Security Administration further recommends a separate Federal grant to the States for the provision of family welfare services. The program could thus be made available to persons who are not applicants or recipients of assistance. Well-administered welfare services often prevent dependency and thus reduce the need for public assistance.

Children's Bureau

The year 1950 was a significant point in history for children in the United States.

Our child population reached an all-time high in 1949.

No earlier year in our history witnessed such mobilization of citizen concern for children, focused this time on the White House Conference on Children and Youth, called by the President of the United States and scheduled to meet in Washington in December 1950.

The Eighty-first Congress had before it more measures of direct benefit to children than any previous Congress. Though few of these measures had become law by the close of the fiscal year, their number and variety of approach to children's problems testified to the desire of many citizens for greater help from their Federal Government in advancing the well-being of children.

Many developments during the year showed the tenacity and soundness of the American tradition of using private associations, as well as government, in the solution of children's problems. Relationships between public and private agencies in many instances were examined, in some improved.

Never before was it as safe for mothers to have babies. Never before have children had as great likelihood of surviving the physical hazards of birth and of contagious diseases during their growing years. With

the conquest of these diseases now within sight, the problems of emotional and mental growth and development stand out as the most pervasive challenge of our time, in the broad field of child well-being.

In our developing social services for children there is increasing awareness that such services too long have had to wait until serious damage was done a child; that more ways must be found to reach children in their own homes before they are emotionally hurt.

An understanding of the processes of normal growth and development, it is seen, is basic to all professions dealing with children, both children who are sick and those who are well. With this has come the realization that our specialists can no longer work effectively in isolation; that each has something to contribute to all others.

Never have so many questions about the way children grow, and what they need to be buoyantly healthy, been laid on the doorsteps of our physical, social, and psychological researchers, for answer.

Public health and welfare services reached more children in various ways, but in no sense did they keep pace with the great increase in numbers, especially of very young children. Nor was there any indication that private services expanded proportionately.

To be worth anything, services for children have to be manned by competent people, and it takes years to train physicians, nurses, social workers, nutritionists, dentists, psychologists, and psychiatrists. Today's failure to keep pace with children's needs can be chalked up, at least in part, to failures of years past to build a greater and better corps of professional workers. Throughout the country, colleges and universities are doing all they can to multiply the numbers and increase the skills of people who work with children. Yet the demand for these workers is still far in excess of the supply.

Shortly after the close of the fiscal year, the President signed the 1950 amendments to the Social Security Act, which should mean a better chance for good health and care for tens of thousands of children.

These amendments authorized Congress to increase annual grants for State and local maternal and child health services from $11 million to $15 million in the fiscal year 1951 and to $16.5 million in 1952 and thereafter; for services for crippled children, from $7.5 million to $12 million in 1951 and to $15 million in 1952 and thereafter; for child welfare services, from $3.5 million to $10 million in 1951 and thereafter. To implement the new law, Congress appropriated, for the remainder of the fiscal year 1951, $8,250,000 in addition to the total of $22 million authorized under the old law.

Enactment of H. R. 6000 (Public Law 734) reaffirms the basic principle of the original Social Security Act about which a Senate report

said in 1935: "The heart of any program for social security must be the child. All parts of the Social Security Act are in a very real sense measures for the security of children." This act recognizes that if children are to have the chance to grow as happy, healthy individuals, they need not only family economic security; they must have the informed and sympathetic help, too, of doctors, nurses, social workers, and other skilled people when they need it.

Progress and Problems in Child Welfare and Health

Citizens who have broad national concern about the well-being of our next generation work and plan against the background of such facts as these, gathered by the Children's Bureau from its own studies and from many Federal agencies:

The United States has more children than it ever had: 48 million under 18 years of age in the calendar year 1949. That is 16 percent more than in 1940 and 3 percent more than in 1948. Children under 5 totaled 17 million, 46 percent more than in 1940.

We now have more city than rural children. In 1949, 52 percent of all children lived in places of 2,500 population or over. In 1940, the percentage was 49.

The birth rate is down from the peak. From its peak of 25.8 per 1,000 population in 1947, the birth rate dropped to 24.2 in 1948. The provisional rate for 1949 was 24.1 There were 3,535,000 registered live births in 1948; 2,360,000 in 1940.

We have more families. Against the 32.2 million families we had in 1940, the total for 1949 was 38.5 million.

Many children lack parental care. Four million children under 18 years of age in 1948—one out of 12—were living with only one parent. Two million were living with neither parent: of these, 1.7 million were with relatives other than parents; the remainder, with foster parents or in institutions.

Births out of wedlock show an increase. Depression and war years saw a major increase both in the number and rate of births out of wedlock. The number increased from 87,900 in 1938 to 131,900 in 1947, and then dropped slightly to 129,700 in 1948. The rate rose from 7.0 per thousand unmarried women 15 to 44 years of age in 1938 to 12.7 in 1948. Two out of five of these babies in 1948 were born to teen-age mothers.

More adoptions are taking place. Some 75,000 petitions for adoption were filed in 1948. This was half as much again as the number in 1944. Half of the children were petitioned for by unrelated persons. Over half, 55 percent, had been placed in adoptive homes without benefit of a recognized child welfare agency. Three-fourths of all the children were under 6 years of age; 45 percent under 2 years; and 19 percent, under 6 months.

Most children live in low or moderate-income families. One-fourth of all children in 1948 were living in families with incomes of less than $2,000. Almost half were in families with incomes of less than $3,000.

Many mothers are employed. 1.6 million married women with children under 6 years of age (13 percent of a total of 12.5 million such mothers) were in the labor force in April 1949. Out of a total of 21.3 million married women with children under 18 in 1949, 4.3 million or 20 percent were in the labor force. In 1940, the percentage was 9.

We are saving more lives. Childbearing is safer than ever. Fewer babies die in their first year. But maternal, infant, and fetal deaths add up to the third leading cause of all deaths. In 1948 these deaths totaled 190,000, and were exceeded only by 471,000 deaths from heart diseases and 197,000 from cancer. When the problem of deaths associated with childbirth is broken into its parts, it is easier to see past gains and future needs.

From 1940 to 1948, *maternal mortality* was slashed 69 percent from 3.8 to 1.2 per 1,000 live births—a phenomenal achievement. Advance data for 1949 suggest we may have cut the rate still farther, to 1.0. However, we are still losing more than 3,000 mothers in a year, and very few need die. One principal area for improvement is with nonwhite mothers.

Not so dramatic but still encouraging, the drop in *infant mortality* from 1940 to 1948 was 32 percent: from 47.0 to 32.0 per 1,000 live births. (The provisional figure for 1949 was 31.0.) The biggest decline, 48 percent, was for infants more than a month old. Less change, 23 percent, occurred in the rate for the first day of life.

We still lost 113,000 babies in 1948, possibly 110,000 in 1949. Many thousands of these deaths are needless. Better care for rural and for nonwhite babies is especially urgent. Improving the quality of prenatal care and care of newborn babies will accomplish a great deal.

The eighth greatest killer of infants is premature birth. The death risk for a premature baby is about nine times greater than for a fully-developed infant.

Major gains have been made in reducing the death rate of preschool children aged 1 through 4. In 1948, it was 1.6 per 1,000, which was 45 percent better than the 1940 rate. The nonwhite rate was 67 percent above the white rate in 1948. Among *school-age children,* 5 through 14, the mortality rate was 0.7 per 1,000 in 1948, which was 37 percent better than the 1940 rate. Again, a better job of life saving must be done with nonwhite children, whose 1948 death rate was 40 percent above the white. Among preschool children, accidents took nearly twice, and among school-age children, six times as many lives as pneumonia and influenza, the next leading cause of death.

School-age children need special attention. Among all age groups, children of school age have been the most neglected, healthwise, in our country. In 1949 there were 31 million, aged 5 to 17 years. These are relatively healthy years, yet many defects that could be easily detected and corrected go unnoticed.

Great cripplers are still at work. Epilepsy, rheumatic fever, cerebral palsy, and poor sight and hearing continue to make life burdensome for many thousands of children. More people—most of them young—were stricken with polio in 1949 than in any previous year. Most severe outbreaks in 1949 were in Idaho and North Dakota. Incidence for the entire country was 28.4 cases per 100,000 population.

A major offensive against congenital syphilis was launched during the year jointly by the Venereal Disease Division of the Public Health Service and the Children's Bureau. Some 100,000 children, aged 10 or younger, are believed to have this disease. About a third of the 14,000 cases reported each year are children 4 years old or younger. Negligence is the only reason today for any child in the United States to be born with this disease. All professional workers for children are urged to join forces with venereal-disease control workers in finding every syphilitic pregnant woman and helping her to get treatment.

Emotional and social problems of children are our greatest challenge. One of the cruder measures of these problems is the number of children who come to the attention of juvenile courts. The Children's Bureau estimates that some

275,000 youngsters now come before these courts each year because of juvenile delinquency. Although the number of cases has declined each year since the war, when juvenile delinquency reached a high point, there seems now to be a leveling off on a new plateau that is much higher than it was before World War II.

Promoting emotional health in children is obviously not just a job for doctors and social workers. Family economic insecurity, lack of good educational opportunity, slums and wretched play space, lack of understanding of children's needs by parents, may all be contributors to ill health in children. Happily our health and welfare personnel are seeing more clearly now than ever before the interrelationships of their work with the work of people who are tackling these other economic and social problems.

The Children's Bureau at Work in 1950

Building a good life for children calls for the cooperative effort of many people—families, neighbors, and professional workers—working in many ways: through individual initiative, voluntary association, and through government. No one device has a monopoly of wisdom or skills. Each is strengthened by close collaboration with the others.

The Children's Bureau was created by act of the people, through their Congress, in 1912 to be one of the instruments to advance the welfare of children. This Bureau provides no direct care to any child. But the facts it gathers, the grants to States that it administers, and the help it gives to many thousands of people who live and work with children, all serve to promote the kind of environment in which children can grow as healthy, happy human beings.

ORGANIZATION AND RESOURCES

Always a small bureau, as Federal Government units go, the total staff of the Children's Bureau numbered only 258 people in 1950, 116 of them professional workers. Program activities of the Bureau are organized in four divisions: Research; Health Services; Social Services; and International Cooperation. The latter is financed with funds from the Department of State. Seevnty-five of the professional staff are at headquarters in Washington; the remainder are in the Agency's 10 regional offices. The Bureau's budget for all research, consultation, reporting, and administration was $1,481,600.

INCREASING KNOWLEDGE

The basic (1912) act of the Children's Bureau directs it to investigate and report "upon all matters pertaining to the welfare of children and child life among all classes of our people."

Everybody in the Bureau is a gatherer of facts. But the major responsibility of the Bureau to ferret out new knowledge focuses in the Division of Research. This Division uses its small resources to gather and distribute information about who is doing research and what is under way. It provides advisory services to others undertaking research. It performs original research. It interprets results of research to parents.

With the publication of *Research Relating to Children*, prepared by the year-old Clearinghouse Branch of the Division of Research, research workers have for the first time a picture of studies relating to children that are going on in laboratories, clinics, universities, and other centers throughout the United States. With this sizable book on 1,600 investigations, it is possible to define more clearly research areas of greatest need, and to encourage interrelated efforts in research. The Division of Research proposes to keep the record up to date by publishing supplements from time to time.

At the top of the very limited list of research projects which the Bureau's Division of Research was able to develop during the year was its "prematurity" study. Reducing deaths of prematurely born infants offers the greatest infant life-saving possibilities at the present time. Plans are now complete for studying conditions under which these babies are born and receive care, to see what relation there is between mortality and the quality of hospital care. This pilot study in one State will be followed up in other States as feasible.

Twenty-six percent of 1,215 elementary school children examined in St. Louis, Mo., were found to need care of their eyes. This is the first finding from the study conducted in 1948–49 by the Bureau in cooperation with the National Society for the Prevention of Blindness, the Missouri State Division of Health, the St. Louis Board of Education, and Washington University School of Medicine. Major purpose of the study was to test the relative efficiency of various methods of testing the vision of children. Conclusions are to be published shortly.

The Cleveland, Ohio, program of examining school children and urging parents to take their children to dentists succeeds in taking care of about half the children's dental needs. This is one conclusion reached in the Bureau's study of the records of 3,700 children in one of the better dental programs for school children.

Plans for a post-mortem study of all so-called suffocated infants, to be made in four cities, were prepared with the help of the Public Health Service and expert consultants from outside the Government.

Demands from parents for more facts about how children grow emotionally and socially mount with the years. Indeed, the volume

of this demand is one of the healthy signs of the times. To help in meeting it, the Bureau publishes results of research and experience in child growth and development in special bulletins for parents and assists workers in parent education. During the year, the 25-millionth copy of "Infant Care" was given to a mother in California. The Bureau's three other bulletins for parents, "Prenatal Care," "Your Child from One to Six," and "Your Child from Six to Twelve," continued in heavy demand. A discussion outline, based on the latter bulletin, for use by parent study groups was published. A bibliography of books for children, "For Your Children's Bookshelf," was brought up to date. Over 200,000 individual requests for information were answered.

BUILDING STATE AND LOCAL CHILDREN'S SERVICES

One of the strengths of our grant-in-aid programs for helping parents and children with their health and welfare problems is that it preserves and encourages local initiative. Title V of the Social Security Act recognizes the democratic principle that the best way to develop services for children is to move ahead when and where people are ready to go, and not to attempt to mold all areas of the Nation, each with its different cultural, economic, social, and health problems, to one pattern handed down by the Federal Government.

Under this act, the Children's Bureau, by delegation from the Federal Security Administrator, is directed to help the States extend and improve their own and local health and social services for children. This help is given in money and professional skills.

Grants.—Under title V of the Social Security Act as it was operating in 1950, grants totaling $22 million were made to the States. Each State's share in this money is worked out by various formulas, all of them intended to channel relatively larger sums to the States with the most need for Federal aid. Health grants are administered by the Bureau's Division of Health Services; child welfare grants, by its Division of Social Services.

Of the $22 million, $11 million was earmarked for maternal and child health services; $7.5 million for crippled children's services; and the remaining $3.5 million for child welfare services.

To qualify for Federal aid, States must put up money of their own, and all of them do. In fact, the total amounts of State and local funds appropriated for these programs are much greater than the sums States receive from the Federal Government. Some of the Federal funds for health services that do not have to be matched are used to encourage special projects and demonstrations in areas that, for a particular State and many times for the whole Nation, are pioneering efforts.

In the fiscal year 1950 all States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands received Federal grants.

States develop plans which, however, must meet certain requirements. Before States receive Federal funds, they must submit their plan for spending this money for approval by the Children's Bureau. Later, they must give an accounting of how they spent these funds.

Children served.—Reports from State agencies for the calendar year 1949 show that some types of *maternal and child health* services were provided to more mothers and children that year than in any previous year since the grant-in-aid programs started in 1936. Some 168,000 expectant mothers, 10 percent more than in 1948, attended medical conferences during pregnancy; and 56,000, 26 percent over the number in 1948, received postpartum medical examinations. Over 693,000 infants and preschool children attended well-child clinics, 8 percent more than in 1948. Almost 1,562,000 persons were immunized against smallpox, and 1,598,000 against diphtheria. Physicians completed nearly 2,300,000 examinations of school children. The number of school children who received dental inspections increased from approximately 1,984,000 in 1948 to 2,315,000 in 1949. Dental inspections of preschool children rose from 53,000 to 75,000.

Under the federally aided *crippled children's* programs, also, more children received help during 1949 than in any previous year. Over 200,000 were reached by professional services. In the preceding year the number was 175,000. Nearly 80,000 of the children in 1949 were reached for the first time. Some 150,000 children received diagnostic or treatment services at clinics, almost 20,000 more than in 1948. About 35,000 were hospitalized, an increase of 10 percent over the number the year before. Some 5,300 children, 6 percent more than in 1948, received convalescent home care. Part of these increases were made possible by an extra $750,000 Congress appropriated toward the end of the fiscal year 1949.

Over 231,000 children, 3 percent more than in 1948, were receiving *child welfare* casework services from State and local departments of public welfare in December 1949. Most of these services were financed entirely from State and local funds. Forty percent of the children helped were living with their parents or other relatives; 42 percent were in foster-family homes; 18 percent were living in children's institutions or elsewhere.

Consultation on State and local services.—The knowledge and skills of the staff of the Divisions of Health Services and Social Services are at the call of the States, not merely to advise on their use of Federal money, but to help on a multitude of problems that turn up in everyday operations.

One of the special consultations given by the Bureau during the year, at the request of the State health department, was an evaluation of the Denver program for premature infants. This record of experience will be useful, also, to other States. Sponsors of a convalescent home for handicapped children in Tulsa, Okla., asked for an analysis of their problems. After careful study, the Bureau pointed out how this facility, which was greatly needed but not being used to full capacity, could operate more effectively when tied more closely to other community and State health services for handicapped children.

With the possibility of a special congressional appropriation for health services for school-age children, many health workers, educators, and parents took a lively interest during the year in analyzing inadequacies of present school health programs and planning greater efforts in this field. The Federal Security Agency asked for guidance from a special committee of distinguished workers. The committee report is now in press.

To multiply its usefulness to agencies with common problems, each year the Bureau develops some guides and recommendations in certain fields in written form. For example, "Services for the Child Who is Hard of Hearing" was published in 1950. A special issue of *The Child*, the Bureau's monthly bulletin for professional workers, was devoted to suggestions on programs for the care of prematurely born infants.

BUILDING MANPOWER FOR CHILDREN'S SERVICES

The tremendous increase in the child population has put greater pressure than ever on the States to expand their health and welfare services. Neither manpower nor money has kept pace with the demand.

In the fiscal year 1950, the States budgeted for 2,207 full-time personnel on State agency staffs assigned to maternal and child health and crippled children's services. In addition, many part-time clinicians were employed. At the end of June 1949 there were 3,831 full-time child welfare workers in State and local public welfare agencies. Of this number 783 were paid wholly or partly from Federal funds. To show how meager child welfare services are in large sections of the country, in only 672 of the Nation's 3,100 counties were one or more public child welfare caseworkers serving a single county. Eight out of nine of the caseworkers paid from Federal funds were in counties having no large cities.

Wisely, States have elected to invest a substantial part of their funds in increasing the number of skilled workers through financing

specialized courses in training centers and paying stipends for advanced training for staff members.

In the child health field, grants in the amount of $921,000 were used by State agencies under contracts with educational institutions in the fiscal year 1950 for special graduate training in the care of mothers and children. Many varieties of in-service training programs developed with the help and guidance of the Bureau were provided by State agencies. The Bureau helped to finance institutes for doctors, nurses, medical social workers, and nutritionists in the care of premature infants and in rheumatic fever.

In child welfare, the principal method used by public welfare agencies to obtain trained staff is to help staff members attend graduate schools of social work. In the fiscal year 1950, State public welfare agencies budgeted more than $640,000 in Federal funds for educational leave for some 600 workers. On-the-job staff development is on the increase, and the Bureau works closely with the States in developing such programs. Training institutes and conferences were held in many States during the year.

TRENDS IN STATE AND LOCAL SERVICES

Child health.—It is hard to draw lines between the children who may have help and others, equally needy, to whom help must be denied because there is not enough money. But with funds so limited and costs of hospital and convalescent care and other services mounting, States had to draw such lines still tighter. During the year, 37 States reported that unless more money became available, they would have to reduce their programs for crippled children; 23 States would have to curtail maternal and child health services.

All States reported to the Bureau the urgent need to improve and extend their basic services that conserve good health and prevent sickness. Most of them want to launch new or to expand present limited services for children with special handicaps—children who are hard of hearing, have poor eyesight, or suffer from rheumatic fever, cerebral palsy, or epilepsy. There is lively interest in developing better services for premature infants and for school-age children.

As crippled children's programs assume responsibility for children with long-term illnesses, there is an increasing acceptance of the idea that prevention and treatment are interrelated. Emotional and social factors in a child's illness are getting some attention but need more, particularly in the case of the child who must stay in a hospital for a long period.

Possibilities of spreading the skills of highly trained workers, through the use of auxiliary personnel, such as practical nurses and dental hygienists, are being explored.

Child welfare.—Lack of adequate funds was one of the most serious problems in the child welfare program during the year. Costs of foster family care and other expenses for care of children away from their own homes have risen. The great need for additional child welfare workers has increased the need for more funds for child welfare. During the year, 22 States reported that they had already had to curtail their child welfare program or would have to in the near future if additional funds were not forthcoming.

Increasingly, child welfare agencies are providing social services to children living in their own homes. Nowhere are there broad programs of such services reaching all children who need them, but progress is being made in the quality of existing services, and new types of services are developing, such as direct counseling to adolescents and social services for the physically and mentally handicapped child. A number of public and private agencies took steps during the year to establish or expand homemaker service to assist mothers who cannot take full care of their homes and their children, usually for temporary periods.

Fewer children need foster care because of the death of their parents, and expansion of income-maintenance programs has reduced the number of children removed from their own homes because of economic need. Consequently, the majority of children now in need of care away from their own homes are those with personality or behavior problems, many of which call for very specialized care and treatment.

Many communities are developing foster family homes to provide special types of service: detention care for children awaiting court hearings; shelter for children needing emergency care; care for convalescent and crippled children. Some agencies are abandoning large congregate institutions and developing small group homes for 10 to 12 adolescent children, to make preparation for community living easier. In the last 2 years, nearly a score of States have considered or passed legislation, or have established homes under public auspices, for the diagnosis and treatment of disturbed children.

"Black market" dealing in children by individuals not licensed to make placements for adoption continues to be a widespread problem, but many States and communities are working on it.

Demand for day-care services for children of working mothers is far from being met.

Lay and professional organizations are giving special attention to services for older youth. Significant gains in improving services for delinquent children occurred in several States.

Several States are exploring ways of giving better service to children who lack adequate parental guardianship, and are studying how their laws can give greater protection to these children.

SERVICES TO NATIONAL ORGANIZATIONS

To maintain the closest possible relationships between public and private services for children, the Bureau worked with many national organizations during the year; with the National Foundation for Infantile Paralysis, in joint planning for polio epidemics; with the National Society for Crippled Children and Adults, on programs for children with cerebral palsy; with the National Epilepsy League and the Physicians League Against Epilepsy, on plans for expanding diagnostic and treatment services; with the American Heart Association, on evaluating programs for children with rheumatic fever; with the American Public Health Association, on standards relating to child health; with the American Hospital Association, on hospital facilities for maternity patients and newborn infants; with the American Public Welfare Association and the Child Welfare League, on raising standards in child welfare programs; with the National Council of Juvenile Court Judges and the National Probation and Parole Association, on the care and treatment of children coming before the courts.

COOPERATING WITH FEDERAL AGENCIES

Both on specific program operations and on across-the-board planning, closer working relationships with other Federal agencies were developed during the year. The Interdepartmental Committee on Children and Youth, formed in May 1948 at the request of the President, concluded its second year of work. This Committee includes members from the Departments of Agriculture, Defense, Interior, Justice, and Labor; the Administrative Office of the United States Courts, the Federal Security Agency, the Housing and Home Finance Agency, and the Selective Service System. The Chief of the Children's Bureau serves as Vice Chairman of the Committee. An extensive report discussing all Federal programs for the benefit of children and youth was written. A report on "The Needs of Children of Puerto Rico and the Responsibility of the Federal Government Toward the Children of Puerto Rico" was prepared for submission to the President.

SHARING KNOW-HOW AND EXPERIENCE WITH OTHER NATIONS

During the year services were given by the Children's Bureau in child welfare, social work education, training of public health nurses and midwives, medical social work, and social group work in Bolivia, Brazil, Chile, Costa Rica, Cuba, Ecuador, Haiti, India, Mexico, Peru, and Portugal. Six Children's Bureau consultants were assigned to these projects.

Specialists from Bolivia, Brazil, Colombia, and Ecuador came to the United States as trainees of the Children's Bureau under the State Department's program for the international exchange of persons. Study programs were also planned for 17 United Nations Fellows. Through the Departments of the Army and State, 38 Austrian, German, and Japanese specialists in maternal and child health and welfare came to the Bureau for training periods of 3 to 6 months. In addition, 187 visitors from 40 countries, many of them sponsored by international agencies, foundations in the United States, and by their own governments, visited the Bureau for study and program planning.

The Chief of the Bureau continued to serve throughout the year as United States representative on the Executive Board and Program Committee of the United Nations International Children's Emergency Fund. Bureau staff also helped in developing plans for children's services under the Point Four program at meetings of the Inter-American Economic and Social Council and the Organization of American States.

Midcentury White House Conference On Children and Youth

Coming at one of the most crucial times in the history of our Nation, the Midcentury White House Conference on Children and Youth, which will meet on invitation of the President on December 3, 1950, is distinguished from its four decennial predecessors in two ways. It is looking at what we know about healthy personality in children and what we are doing to give every child a fair chance to develop such a personality. It is mustering the interest of tremendous numbers of people in the problems of children in their own communities and States, in advance of the Conference itself.

A National Committee of 52 distinguished citizens to direct Conference planning was created by the President in September 1949, with the Federal Security Administrator as chairman. At the President's request, the Governors of the States, Territories, and dependencies named committees of professional and lay citizens and of officials of public and private agencies to plan within their jurisdictions. During the year, 150 State-wide meetings were held. Close to 1,000 county planning committees were organized. By the end of the year some 100,000 citizens were at work on Conference reports and activities. More than 300 national organizations were enlisting the interest of their members in State and local programs in preparation for the Conference.

Four national advisory councils (on Participation of National Organizations, Federal Government Participation, State and Local Action, and Youth Participation) are helping the National Committee in various ways. Four technical committees (on Fact Finding, Communications, Conference Program, and Budget and Finance) are contributing their talents. The Conference fact-finding staff is being assisted by some 110 universities and private agencies and more than 40 specialists from Federal agencies.

Focus of the Conference, as defined by the National Committee, is "to consider how we can develop in children the mental, emotional, and spiritual qualities essential to individual happiness and to responsible citizenship, and what physical, economic, and social conditions are deemed necessary to this development." In adopting this as its purpose, the Conference "bases its concern for children on the primacy of spiritual values, democratic practice, and the dignity and worth of every individual."

At the Conference itself, which will be attended by some 5,000 people, the results of all the fact finding efforts of research people, State and local groups, and national organizations will be reported. On the basis of these reports and discussions, the delegates will suggest lines of post-Conference action.

Next Steps

Periods of special strain and apprehension, such as the present, create special problems for children. We need all the ingenuity and wisdom we can muster if we are to resolve those problems or, better still, prevent them from arising. If civil defense or mobilization results in major dislocations or breakups of families, new or expanded services for children will have large claim on our public and private pocketbooks.

If we want to help in building the kind of world in which an enduring peace, with freedom and justice for all, will be achieved, we must not let our children become casualties of mobilization. Their needs must stand high on the list of priorities for services and for funds for research that will show how best to help them develop their fullest powers for creative living.

TO BUILD SERVICES

When State health agencies discussed during the year how they would build maternal and child health services for children if more funds should become available, 33 said that they would start or expand programs for the care of premature infants; 21 would do the same

for hard of hearing children; 17 would develop sight conservation programs; 6 would conduct maternity care demonstrations for patients with complications in pregnancy; 5 would do a better job on health services for school-age children; 5 would build their dental programs.

Programs for crippled children, once synonymous with orthopedics and plastic surgery, have broadened now to cover a very wide range of handicapping conditions that require prolonged care. State crippled children's agencies, if given the funds to expand, would develop programs for children with these conditions: rheumatic fever, 36 States; cerebral palsy, 33 States; epilepsy, 9 States; hearing difficulties, 10 States.

State child welfare agencies, if given the financial help they so urgently need, would expand present limited services or develop badly needed services for the first time. When asked what direction their expanded services would take, 24 States said they urgently needed money for shelter care for children in emergencies: when a parent dies or becomes ill, or neglects or abuses a child. Twenty-two States would work to get rid of the "black market" in babies, and provide better service for parents who want to adopt babies. Twenty-one want care for babies available for adoption; 19 want to give better protection to children who have run away from home and to ensure their return to homes that are ready to welcome them. Fifteen States would get homemaker services into operation or extend their small programs. Twelve would try at once to get youngsters out of jails and place them under good care while they wait for court action.

These are some of the very practical directions along which States are expected to move with the increased Federal grants made available by the 1950 amendments.

TO IMPROVE THE QUALITY OF SERVICE

It is axiomatic that quality of service is inseparable from the people who give the service, and a program that has a full complement of skills is miles ahead of one that is only partially staffed. Serious vacancies exist in the staffs of both health and welfare agencies in many States. One of the first jobs that any "new" money has to do is plug up these holes, if a better job is to be done.

But even when staffs are complete, there should be constant effort to raise the level of service. The two most effective devices for achieving this are staff development—on the job, and in advanced training—and evaluation of programs. Both techniques are now being used in many quarters, and their use should be multiplied.

The quality of health services for mothers and children is greatly aided when they are closely related to local health units. Similarly, child welfare services gain in strength as they are allied with local

welfare services for people of all ages. Universal availability of such services still awaits congressional action.

TO INCREASE MANPOWER FOR CHILDREN'S SERVICES

Various proposals before the Eighty-first Congress to give Federal aid to education at the primary and secondary levels, and to finance grants and scholarships for education in the professions, would be valuable long-time solutions for the manpower shortage. Even should such measures become law, State health and welfare agencies will have to continue and increase their present practice of using a substantial part of their present Federal grants for services to give practitioners specialized training in their programs. Better salary levels would be another strong magnet to attract more workers. The average child welfare caseworker in a public agency gets $223 a month. Most doctors make a much better income in private practice than in public service.

Many leaders in the child health and welfare fields are beginning to realize that professional training for all who serve children must have a common core of knowledge and experience in the growth of human personality. More opportunities for such training need to be developed by universities and graduate schools.

TO INCREASE KNOWLEDGE

Constantly feeding into program operations and enriching the understanding not only of professional workers but of parents, too, must be continuous and well-financed research.

Present Federal contributions to research in child growth and development are almost invisible, and private sources of funds seem to be drying up. There were hearings but no further action on the various bills introduced in the Eighty-first Congress which would have made from $7 to $10 million available, in grants, to help research centers and individuals conduct basic studies and explore new ways of meeting the needs of human beings while they are in the growing stage.

Two broad types of research are urgently needed. One is basic studies in child growth and development, the other is studies that will provide all types of agencies serving children with tools for measuring the effectiveness of their work and with guides for improving their programs.

TO STRENGTHEN COMMUNITY RESPONSIBILITY

The increasing acceptance of responsibility for community conditions and services by groups of citizens shows up most brilliantly in their response throughout the Nation to the opportunity for united

effort through the White House Conference. Without minimizing the responsibility of State and Federal Governments, we need constantly to develop practical ways in which citizens can take more responsibility for reviewing and planning for children's needs and relating themselves closely with their local public and private children's services.

Great hopes are held that one of the concrete results of the Mid-century Conference will be a resolve to continue the pattern of State and local committees on children and youth which have performed invaluable service in the preparatory period. The most effective committees have combined representation from professional and lay-citizen organizations and from private and public agencies serving children. They have included spokesmen for minority groups and young people, for families with low incomes as well as those more fortunately situated, for parents of all religious faiths. They have not been content with exploring shortcomings in services and opportunities for children, and with identifying causes behind these gaps, but have accepted for themselves responsibility to do something about these shortcomings and conditions. They are seeing the interrelatedness of their work and are thinking about new ways of more closely meshing their programs. Vastly more can be accomplished for children through the device of across-the-board planning and working.

Federal Credit Unions

The Federal Credit Union Act was 16 years old on June 25, 1950. In this relatively short span of years Federal credit unions have become a substantial part of the credit union movement in the United States and are now making a worth-while contribution towards improving the economic status of workers and their families.

In section 2 of this act, a Federal credit union is defined as a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

Federal credit unions encourage their members to develop habits of thrift by establishing convenient facilities, by accepting share payments in installments as small as 25 cents per month, and by a variety of educational efforts among members and potential members. The number of members is increasing at the annual rate of more than 200,000 and total shareholdings at a rate in excess of $45 million per year. These organizations serve workers in factories, in offices, in stores, in schools, and in government establishments—local, State, and Federal—as well as groups having a common bond of association

or residence. They are helping to promote economic stability and to teach the values of systematic thrift.

As a source of installment loans for their members, Federal credit unions are making an increasingly important contribution. The number of loans granted and their average size have increased since 1946, reflecting in part the high level of economic activity and in part the growth of the established credit unions. Loans are now being granted at the annual rate of approximately 1.4 million with an average size of slightly less than $270. The average maturity of these loans is less than 12 months. In most States the legal commercial rates for such loans range from 2 to 3.5 percent per month, as compared with 1 percent per month which is the maximum rate permitted for Federal credit unions. In interest charges alone, Federal credit unions are saving their members more than $40 million a year. In addition, commercial consumer loan agencies are permitted to charge borrowers investigation fees and other costs incidental to making loans, which Federal credit unions are prohibited from doing when they charge the maximum of 1 percent per month. Illegal lenders charge much higher rates than the licensed small loan companies. Excessive charges for small loans reduce the purchasing power of the people concerned and are nearly always exacted from those least able to afford them. Through Federal credit unions nearly 2 million people in the United States are providing for themselves an inexpensive source of small loans.

Each Federal credit union is a separate corporation. Each is managed and operated by officials elected by and from the group it was organized to serve. They come from all walks of life, often with no pertinent previous experience to help them with their duties as credit union officials. They learn to work together under democratically imposed disciplines, and by actual experience acquire skills in the management of a financial institution dedicated to helping members help themselves. More than 55,000 persons are serving as officials of nearly 5,000 Federal credit unions. The Federal Credit Union Act is the basis for an adult educational effort of growing significance and importance to the national economy.

STATUS OF FEDERAL CREDIT UNIONS, JUNE 30, 1950

At the end of fiscal year 1950 there were 4,775 operating Federal credit unions serving 2.0 million members. Total assets amounted to $363.2 million of which 63.6 percent, or $230.9 million, represented loans to members. Occupational groups accounted for 83.7 percent of the operating units, associational groups for 14.2 percent, and residential groups for 2.1 percent. They were operating in every

State as well as in the District of Columbia, Alaska, the Canal Zone, and Hawaii. During the year, 591 new Federal credit unions were chartered. At the year's end, 87 were in the process of liquidation.

LEGISLATION

Three amendments to the Federal Credit Union Act became effective on October 25, 1949. One increased the maximum unsecured loan limit from $300 to $400. Another increased the maximum maturity for loans from 24 months to 36 months. Both maximums are permissive. The third amendment concerned the reserve for bad loans.

There is a need for legislation to provide central discount facilities for State and federally chartered credit unions. All interested groups should participate in formulating plans for the necessary discount facilities.

PROGRAM FINANCING

From the beginning, costs of chartering, supervision, and examination of Federal credit unions have been met in part by appropriations authorized by Congress. Three types of fees are paid by Federal credit unions: (1) charter and investigation fee of $25; (2) annual supervision fee of $10; and (3) examination fee of 35 cents per $100 of assets or cost computed at $34.24 per examiner day, whichever is lower, with a minimum fee of $3.50 per examination. The first two fees are the maximum permitted by the Federal Credit Union Act. The examination fee, for which the act sets no maximum, has been increased twice since January 1949. The total revenue from these fees amounted to $288,531 during the fiscal year, which was 46 percent of the amount spent by the Bureau.

Most Federal credit unions are subsidized in other ways which, in the aggregate, amount to much more than has been paid by the Federal Government to support their supervision. With very few exceptions, employers and associations whose employees and members operate a credit union furnish office space, heat, and light without charge to the credit union. More than half of the employers provide payroll deductions for credit union share and loan payments, and some private employers also furnish free clerical assistance. Among the officials of Federal credit unions, only the treasurer may be compensated for his services. A majority of all Federal credit unions pay either no salaries to their treasurers or nominal amounts of $5 to $10 per month. The man-hours donated by the officials of Federal credit unions in the period of one year, if valued at $1 per hour, would conservatively amount to $2 million. These subsidies by sponsoring organizations and contributions by the officials enable credit unions to provide

thrift and inexpensive small-loan services for many persons who cannot be served effectively by any other means.

During the calendar year ended December 31, 1949, the latest date for which complete data are available, Federal credit unions had gross income of $18.6 million. This exceeded by $4.4 million the previous all-time high gross income in 1948. Net income after providing for required reserves amounted to $8.8 million during 1949. The increased earnings during the past 3 years resulted from the growth in the volume of loans to members. If the economic conditions that have prevailed during that period continue, the volume of loans and the amount of earnings may be expected to remain at a high level. Although the earnings of most Federal credit unions are higher, a considerable number continue to have nominal or no earnings. At the end of 1949, for instance, the 124 with assets under $1,000 reported operating losses totaling $777; the 546 with assets between $1,000 and $5,000 had average net earnings of $55 per credit union.

Appropriation committees of both the House and the Senate have suggested that the Bureau formulate plans designed to make the Bureau more nearly self-supporting from fees collected from Federal credit unions for examination and supervision—and to put those plans in operation as soon as possible. Studies were begun early in the fiscal year on examination and supervision fee schedules which would recover a larger proportion of the costs of these services and would be geared somewhat to the ability of Federal credit unions to pay. On June 6, 1950, a revised examination fee formula was published, after proper notice, in the Federal Register. This regulation provides that examination fees shall be computed at 50 cents per $100 of assets or cost, whichever is lower, with a minimum fee of $5 per examination. It also provides that the cost of making examinations shall be recomputed during June and December each year to determine the examiner-day rate to be used in assessing examination fees during the 6-month periods beginning July 1 and January 1, respectively. The examiner-day rate computed in accordance with the revised formula for the first half of fiscal year 1951 is $47.20. The new examination fee schedule became effective July 10, 1950.

Before April 25, 1949, examination fees were assessed at 25 cents per $100 of assets or cost computed at $25.72 per examiner day, whichever was lower, with a minimum fee of $2.50 per examination. The new examination fee schedule is an increase of 83 percent in the examiner-day rate and a 100-percent increase in the asset rate and minimum fee.

Section 5 of the Federal Credit Union Act specifies that each Federal credit union shall pay an annual supervision fee of not to exceed

$10. An amendment to this section of the act is required if the supervision fee is to be increased. On June 5 and 6, 1950, respectively, the Federal Security Administrator sent letters to the Speaker of the House and the President of the Senate proposing that the necessary legislation be enacted to provide for an annual supervision fee of $10 per $40,000 of assets and fraction thereof.

In addition to these steps to increase the fees paid by Federal credit unions, efforts to further streamline the operations of the Bureau were intensified. The more important accomplishments in improving the utilization of the Bureau's limited resources are discussed in the following paragraphs.

PROGRAM OPERATIONS AND MANAGEMENT IMPROVEMENT

At the end of the fiscal year, the Bureau had 22 employees in the Washington office and 103 in the field, working in or out of 8 regional offices.

Each senior examiner is assigned a district including 60 to 100 Federal credit unions. He is responsible for the investigation of prospective groups and the organization, supervision, and examination of Federal credit unions within his district. During the year, two additional responsibilities were decentralized to the regional offices—the approval of standard amendments to Federal credit union bylaws and changes in prescribed accounting forms and procedures where precedents have been established.

During the year ended June 30, regular examinations were made of 2,756 Federal credit unions, which was 56 percent of the number in operation at the end of the year. In addition, 100 special examinations were completed. This classification includes examinations made at the completion of liquidation and in cases of defalcation. During the year 112 new shortage cases, including those requiring special examinations, were discovered. Field examiners devoted 5 percent of their official work time to general supervision, including examination follow-up, special assignments on problem cases, and liquidations. Because of the shortage of personnel, sufficient time could not be devoted to problem cases.

Major improvements in the examination procedures were begun in 1943 and further refinements have been made in the report forms and techniques each year. The 1950 fiscal year was no exception. On the basis of suggestions submitted by examiners and obtained in 78 meetings held in various parts of the country with credit union officials and representatives of State Credit Union Leagues, the report form was reduced from a minimum of 17 pages to a minimum of 8 pages. The revised form and procedures were worked out towards

the end of the fiscal year and were put into effect in July 1950. It is estimated that the change will save 50 percent of typing time required on each examination report. A number of time-saving changes were made in the examination procedures earlier in the year which resulted in measurable improvement in examination time. Although the average assets of Federal credit unions examined increased from $56,746 in the fiscal year 1949 to $68,986 in the fiscal year 1950, the average time per examination declined from 3.375 to 3.17 man-days. The number of members and the volume of loans, which have a bearing on the amount of work to be performed by the examiner, were also higher in 1950 than they were in 1949.

In July 1949 a new procedure for analyzing data pertaining to examination time and fee collections incorporating the use of special mechanical equipment was installed. These data, which are used in work planning and policy determination, are available more promptly under the new procedure. This improvement plus some change in work assignments resulted in the elimination of one clerical position in the Washington office.

By the end of fiscal year 1950 a considerable amount of work had been done on standardizing machine bookkeeping forms and procedures for Federal credit unions, and an accounting manual supplement for large credit unions had been outlined. When completed, these two projects will aid large Federal credit unions to simplify and improve their operations and will reduce the amount of time required to process requests for approval of changes in accounting forms.

During the fiscal year, more Federal credit union charters were issued than in any 12-month period since 1940. Because of continuing efforts to train local volunteers to assist prospective groups to apply for charters and to conduct organization meetings, only 6 percent of field examiners' time was devoted to those activities during the year. These volunteers for the most part are representatives of the organized credit union movement—local, State, and national. This management improvement activity, which will be continued, not only results in a more economical use of examiners' time but also is an investment in good public relations.

Table 1.—*Social Security Administration: Funds available and obligations incurred, fiscal years 1949 and 1950* [1]

[In thousands; data as of June 30, 1950]

Item	Funds available [2]		Obligations incurred	
	1950	1949	1950	1949
Total	$1,166,803	$1,014,292	$1,160,407	$994,045
Grants to States	1,120,000	970,750	1,113,911	950,637
Public assistance	1,098,000	948,000	1,091,932	927,897
Old-age assistance	1,098,000	948,000	820,275	718,012
Aid to the blind			23,449	20,470
Aid to dependent children			248,208	189,415
Maternal and child health and welfare services	22,000	22,750	21,980	22,740
Maternal and child health services	11,000	11,000	10,986	10,991
Services for crippled children	7,500	8,250	7,494	8,249
Child welfare services	3,500	3,500	3,500	3,500
Administrative expenses [3]	46,803	43,542	46,496	43,408
Office of the Commissioner [4]	329	319	329	319
Bureau of Old-Age and Survivors Insurance [5]	[6] 42,898	[7] 39,562	42,659	39,469
Bureau of Public Assistance	1,369	1,405	1,366	1,394
Children's Bureau	1,482	1,516	1,473	1,505
White House Conference on Children and Youth	75	76	50	67
Bureau of Federal Credit Unions [8]	651	664	619	654

[1] Funds available and obligations as reported by administrative agencies.

[2] Funds made available by regular and supplemental appropriations, authorizations, transfers, allotments, and recoveries.

[3] Funds made available and obligations incurred for salaries, printing and binding, communications including penalty mail, traveling expenses, and reimbursement items for services rendered to other Government agencies.

[4] Approximately 70 percent of the administrative expenses of the Office of the Commissioner were appropriated by Congress from general revenues; balance from old-age and survivors trust fund.

[5] For administration of the old-age and survivors insurance program, which involved benefit payments of $607,036,000 in 1949 and $727,266,000 in 1950.

[6] Entire amount from old-age and survivors trust fund.

[7] Includes $305,400 appropriated by Congress from general revenues; balance from old-age and survivors trust fund.

[8] Fee collections for services rendered to member credit unions represent approximately 28 percent of obligations incurred in 1949 and 47 percent in 1950.

Table 2.—*Financing social insurance under the Social Security Act: Contributions collected and trust fund operations, fiscal years 1948–50*

[In millions]

Item	1950	1949	1948
Contributions collected under:			
Federal Insurance Contributions Act [1]	$2,106	$1,690	$1,616
Federal Unemployment Tax Act [2]	226	223	208
State unemployment insurance laws [3 4]	1,094	989	1,007
Old-age and survivors insurance trust fund:			
Receipts, total	2,367	1,924	1,807
Transfers and appropriations [5]	2,110	1,694	1,617
Interest and profits on investments	257	230	191
Expenditures, total	784	661	559
Monthly benefits and lump-sum payments [6]	727	607	512
Administration [7]	57	53	47
Assets, end of year	12,893	11,310	10,047
State accounts in the unemployment trust fund:			
Receipts, total	1,248	1,144	1,154
Deposits [4]	1,099	984	1,007
Interest	149	160	147
Withdrawals for benefit payments	1,879	1,227	798
Assets, end of year	6,652	7,283	7,366

[1] Contribution paid by employers and employees on wages up to and including $3,000 a year: 1 percent through Dec. 31, 1949, and 1½ percent beginning Jan. 1, 1950.

[2] Tax paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment insurance laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Rate is 3 percent of first $3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.

[3] Contributions plus penalties and interest collected from employers and contributions from employees, reported by State agencies; corrected to July 1950.

[4] Contributions and deposits by States usually differ slightly, primarily because of time lag in making deposits.

[5] Includes amounts collected under the Federal Insurance Contributions Act and transfers from the general fund of $700,000 for fiscal year 1947–48, $3,279,400 for fiscal year 1948–49, and $3,604,000 for fiscal year 1949–50 to meet administrative and other costs of benefits payable to survivors of certain World War II veterans as defined in title II of the Social Security Act Amendments of 1946.

[6] Represents checks issued; before July 1, 1948, represents checks cashed and returned to the Treasury.

[7] Data do not reflect actual expenses in the respective years because of bookkeeping adjustments.

Source: Compiled from *Daily Statement of the U. S. Treasury* and State agency reports.

Table 3.—*Old-age and survivors insurance: Estimated number of families and beneficiaries in receipt of benefits and average monthly benefit in current-payment status, by family group, end of June, 1950 and 1949*

[In thousands, except for average benefit; data corrected to Sept. 6, 1950]

Family classification of beneficiaries in current-payment status	June 30, 1950			June 30, 1949		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
Total	2,051.7	2,930.4		1,768.3	2,554.2	
Retired worker families	1,384.8	1,839.2		1,180.9	1,570.0	
Worker only	940.0	940.0	$25.50	799.9	799.9	$25.00
Male	739.7	739.7	26.80	630.8	630.8	26.20
Female	200.3	200.3	20.80	169.1	169.1	20.40
Worker and wife	418.8	837.6	41.90	359.6	719.2	40.90
Worker and 1 child	17.0	34.0	41.40	13.7	27.4	39.90
Worker and 2 or more children	8.7	26.7	51.40	7.5	22.9	49.40
Worker, wife, and 1 or more children	.3	.9	57.30	.2	.6	54.70
Survivor families	666.9	1,091.2		587.4	984.2	
Aged widow only	290.2	290.2	20.90	236.3	236.3	20.70
Widowed mother only [1]	3.3	3.3	21.40	4.5	4.5	21.00
Widowed mother and 1 child	81.0	162.0	36.70	76.7	153.4	36.30
Widowed mother and 2 children	45.4	136.2	50.70	43.2	129.6	50.10
Widowed mother and 3 or more children	27.1	110.6	54.50	25.4	103.3	53.50
1 child only	110.8	110.8	13.50	101.7	101.7	13.40
2 children	51.2	102.4	26.80	46.0	91.9	26.40
3 children	19.5	58.6	37.70	18.2	54.5	37.30
4 or more children	25.3	103.0	50.10	23.6	96.3	49.10
1 aged parent	12.0	12.0	13.80	10.8	10.8	13.70
2 aged parents	1.1	2.1	26.70	1.0	1.9	26.70

[1] Benefits of child or children were being withheld.

Table 4.—*Old-age and survivors insurance: Selected data on benefits and taxable wages, by State, for specified period, 1947–50*

[In thousands, except for average taxable wages; data corrected to Oct. 10, 1950]

State [1]	Monthly benefits in current-payment status, end of fiscal year		Payments certified, fiscal year			Workers with taxable wages, calendar year [3]	Amount of taxable wages, calendar year [4]		Employers reporting taxable wages, July–September [5]
	Number	Amount	Total	Monthly benefits	Lump-sum payments [2]		Total	Average per worker	
1947–48 [6]	2,162.7	$42,391	[7]$530,597	$499,315	$31,280	48,908	$78,372,000	$1,602	2,617
1948–49 [6]	2,554.2	51,520	626,993	594,744	32,249	49,100	84,122,000	1,713	2,681
1949–50 [6]	2,930.4	60,682	748,937	714,939	33,998	48,000	82,400,000	1,717	2,720
Alabama	42.9	698	8,623	8,268	355	802	989,000	1,233	35
Alaska	1.4	26	299	278	21	52	72,000	1,385	2
Arizona	10.9	213	2,669	2,548	121	237	282,000	1,190	14
Arkansas	20.4	323	3,960	3,829	131	401	376,000	938	23
California	231.5	5,115	63,126	60,499	2,627	3,931	6,467,000	1,645	216
Colorado	21.8	441	5,433	5,242	191	430	543,000	1,263	28
Connecticut	59.2	1,395	16,894	16,164	730	947	1,684,000	1,778	40
Delaware	6.9	152	1,899	1,813	86	190	225,000	1,184	6
District of Columbia	11.2	226	2,851	2,674	177	416	489,000	1,175	18
Florida	54.6	1,101	13,471	13,062	409	923	1,041,000	1,128	53
Georgia	41.6	656	8,091	7,710	381	999	1,143,000	1,144	43
Hawaii	7.3	137	1,636	1,583	53	136	217,000	1,596	7
Idaho	7.6	142	1,784	1,717	67	164	193,000	1,177	10
Illinois	186.3	4,079	50,717	47,905	2,812	3,872	6,573,000	1,698	183
Indiana	84.0	1,705	20,991	20,070	921	1,532	2,545,000	1,661	70
Iowa	37.0	689	8,448	8,101	347	719	939,000	1,306	51
Kansas	26.9	498	6,200	5,948	252	541	675,000	1,248	38
Kentucky	45.3	791	9,704	9,336	368	739	901,000	1,219	34
Louisiana	33.2	570	6,864	6,540	324	807	963,000	1,193	35
Maine	26.3	521	6,396	6,185	211	353	450,000	1,275	19
Maryland	41.4	838	10,449	9,849	600	821	1,253,060	1,526	36
Massachusetts	142.9	3,196	39,628	37,967	1,661	1,875	3,360,000	1,792	90
Michigan	129.6	2,809	34,803	33,087	1,716	2,610	4,709,000	1,804	109
Minnesota	44.3	912	11,224	10,745	479	932	1,341,000	1,439	58
Mississippi	16.5	242	3,051	2,912	139	394	351,000	891	20
Missouri	69.7	1,402	17,201	16,445	756	1,414	1,957,000	1,384	74
Montana	8.7	173	2,204	2,100	104	151	220,000	1,457	13
Nebraska	15.8	288	3,528	3,378	150	368	454,000	1,234	25
Nevada	2.8	59	713	675	38	82	94,000	1,146	4
New Hampshire	17.1	353	4,207	4,026	181	219	317,000	1,447	12
New Jersey	123.1	2,822	34,929	33,183	1,746	2,015	3,557,000	1,765	101
New Mexico	5.7	95	1,164	1,118	46	148	176,000	1,189	10
New York	349.9	7,693	95,281	90,314	4,967	7,355	11,387,000	1,548	374
North Carolina	48.2	765	9,505	9,046	459	1,069	1,402,000	1,312	46
North Dakota	3.8	66	801	769	32	133	142,000	1,068	10
Ohio	188.4	4,073	50,288	47,998	2,290	3,169	5,719,000	1,805	136
Oklahoma	25.9	470	5,783	5,568	215	603	730,000	1,211	35
Oregon	36.7	762	9,421	9,089	332	571	851,000	1,490	34
Pennsylvania	275.9	5,998	73,843	70,664	3,179	4,445	7,424,000	1,670	173
Rhode Island	25.4	567	6,927	6,665	262	369	561,000	1,520	15
South Carolina	24.2	364	4,558	4,329	229	622	727,000	1,169	22
South Dakota	5.1	93	1,148	1,093	55	142	158,000	1,113	11
Tennessee	40.2	665	8,236	7,883	353	953	1,094,000	1,148	39
Texas	82.3	1,451	18,095	17,163	932	2,412	3,156,000	1,308	139
Utah	9.9	191	2,443	2,342	101	219	289,000	1,320	11
Vermont	9.2	180	2,183	2,113	70	118	151,000	1,280	7
Virginia	46.9	839	10,429	9,949	480	976	1,209,000	1,239	44
Washington	55.2	1,207	14,923	14,370	553	869	1,364,000	1,570	47
West Virginia	46.0	882	10,627	10,308	319	669	1,091,000	1,631	27
Wisconsin	67.7	1,414	17,204	16,382	822	1,179	1,988,000	1,686	67
Wyoming	3.6	73	883	845	38	105	123,000	1,171	6
Foreign	12.0	263	3,202	3,092	110				

[1] State distribution estimated.

[2] Under the 1939 and 1946 amendments. For lump-sum payments under the 1935 act, see footnote 7.

[3] Preliminary estimate. United States totals represent number of different workers employed in covered industries at some time during 1947, 1948, and 1949, respectively. State data represent workers employed in the State at some time during 1948; workers employed in more than 1 State counted once in each of the States in which employed.

[4] Preliminary estimate. United States totals are for 1947, 1948, and 1949, respectively. State data represent 1948 taxable wages, distributed according to the State where wages were paid.

[5] Employer returns for July–September 1947, 1948, and 1949, respectively. State data represent number of employers reporting taxable wages for July–September 1949 by the State of their reporting headquarters. An employer is a legal entity such as a corporation, partnership, or single ownership, for which a single tax return is filed.

[6] See column heads for period to which data relate.

[7] United States total for fiscal year 1948 includes $1,000 in lump-sum payments under the 1935 act.

Table 5.—*Old-age and survivors insurance: Benefits in current-payment status, payments certified, and workers with wage credits, fiscal years 1948–50*

[Corrected to Aug. 14, 1950]

Item	Fiscal year		
	1950	1949	1948
Benefits in current-payment status (end of period):			
Number	2,930,357	2,554,248	2,162,693
Primary	1,384,823	1,180,909	968,682
Wife's	419,123	359,840	296,711
Child's	665,351	614,714	556,834
Widow's	290,307	236,394	188,612
Widow's current	156,664	149,724	140,807
Parent's	14,089	12,667	11,047
Total monthly amount	$60,681,500	$51,520,000	$42,391,324
Primary	36,415,828	30,369,096	24,344,534
Wife's	5,840,022	4,898,101	3,948,153
Child's	8,828,736	8,043,794	7,175,060
Widow's	6,079,758	4,897,656	3,865,451
Widow's current	3,322,210	3,137,870	2,908,578
Parent's	194,946	173.483	149,548
Average monthly amount:			
Primary	$26.30	$25.72	$25.13
Wife's	13.93	13.61	13.31
Child's	13.27	13.09	12.89
Widow's	20.94	20.72	20.49
Widow's current	21.21	20.96	20.66
Parent's	13.84	13.70	13.54
Payments certified during period:			
Monthly benefits	$714,939,181	$594,744,288	$499,314,611
Primary	427,112,452	346,376,498	284,588,746
Supplementary	73,746,725	60,024,714	49,633.683
Survivor	214,080,004	188,343,076	165,092,182
Lump-sum payments	33,997,668	32,249,231	31,281,156
1939 and 1946 amendments	33,997,625	32,248,926	31,280,024
1935 act	43	305	1,132
Additional benefits under Sec. 210 (included in above figures)	$3,005,093	$3,582,431	$3,495,918
Monthly benefits	2,808,593	2,903,915	2,340,766
Lump-sum payments	196,500	678,516	1,155,151
Estimated number of living workers with wage credits (midpoint of period—January 1): [1]			
Total	80,400,000	78,700,000	76,800,000
Fully insured	40,000,000	38,600,000	37,000,000
Currently but not fully insured	5,700,000	6,000,000	6,200,000
Uninsured	34,700,000	34,100,000	33,600,000

[1] Not adjusted to reflect changes in insured status arising from (1) combined earnings under coordinated survivor provisions of the old-age and survivors insurance and railroad retirement programs, and (2) veterans deemed to be fully insured only under section 210 of title II of the Social Security Act, as amended in 1946.

Table 6.—*Special types of public assistance under plans approved by the Social Security Administration: Number of recipients and average payment, June 1950, and total payments to recipients, by program and State, fiscal year 1950*

[Corrected to Sept. 15, 1950]

State	Old-age assistance			Aid to dependent children				Aid to the blind		
	Number of recipients, June	Payments to recipients		Number of recipients, June		Payments to recipients		Number of recipients, June	Payments to recipients	
		Average payment, June	Total, fiscal year (in thousands)	Families	Children	Average payment per family, June	Total, fiscal year (in thousands)		Average payment, June	Total, fiscal year (in thousands)
Fiscal years:										
1948	2,367,597	$38.18	$1,037,554	449,154	1,145,816	$66.10	$325,696	65,797	$41.18	$30,531
1949	2,625,594	43.59	1,259,381	536,714	1,365,715	72.71	414,138	71,196	46.50	36,451
1950	2,790,068	43.85	1,437,981	654,180	1,659,665	70.37	520,312	77,171	47.52	42,240
Alabama	81,284	20.49	19,536	17,608	48,512	30.61	6,241	1,467	22.67	385
Alaska	1,604	59.44	1,092	640	1,500	55.65	408	(1)	(1)	(1)
Arizona	13,343	51.47	7,630	3,907	11,050	84.92	3,721	824	60.02	605
Arkansas	66,722	25.88	18,141	17,222	44,648	41.99	6,901	1,968	30.67	649
California	267,960	70.68	225,987	50,116	114,935	110.63	49,195	10,389	82.60	9,730
Colorado	50,464	65.68	40,980	5,597	15,148	79.12	5,162	380	55.42	260
Connecticut	19,715	61.92	13,072	5,147	11,925	109.74	5,622	265	62.00	153
Delaware	1,696	28.70	555	702	2,017	72.38	520	181	43.74	81
District of Columbia	2,845	39.01	1,381	2,090	6,344	73.79	1,858	265	41.19	137
Florida	69,251	40.35	32,143	27,413	66,690	44.05	13,630	3,319	43.10	1,627
Georgia	101,303	23.40	25,999	15,254	38,969	46.53	6,874	2,688	27.76	837
Hawaii	2,469	32.81	940	4,009	11,871	88.23	3,366	111	37.61	44
Idaho	11,434	47.24	6,236	2,538	6,336	97.55	2,752	212	51.52	130
Illinois	126,230	42.24	65,718	24,584	63,195	91.13	28,819	4,412	45.53	2,482
Indiana	52,219	36.22	22,026	11,570	27,956	66.43	8,127	1,891	39.14	856
Iowa	49,352	49.37	28,552	5,266	13,459	77.69	4,290	1,223	57.35	777
Kansas	39,061	50.11	23,123	5,329	13,832	64.23	5,229	695	51.20	469
Kentucky	67,620	22.41	15,660	22,951	57,953	38.90	9,349	2,325	23.67	581
Louisiana	120,401	47.30	68,081	30,222	77,774	48.72	19,673	1,853	42.71	903
Maine	15,064	44.34	7,473	4,072	10,528	64.80	2,782	663	45.10	345
Maryland	12,107	37.20	5,145	6,492	19,122	77.69	5,879	488	40.80	233
Massachusetts	100,852	65.76	74,996	13,587	32,696	112.67	17,353	1,488	66.60	1,089
Michigan	100,370	46.97	54,493	28,016	63,922	88.24	27,985	1,865	51.00	1,082
Minnesota	55,809	49.37	29,995	8,034	20,344	91.37	8,326	1,088	57.21	742
Mississippi	65,670	21.52	14,242	13,015	36,079	27.11	3,236	2,871	26.58	844
Missouri	131,457	43.73	66,453	26,127	65,102	52.59	16,001	(2)	(2)	(2)
Montana	11,782	53.58	7,181	2,493	6,413	82.83	2,259	519	58.04	343
Nebraska	23,853	43.97	12,416	3,678	8,750	82.63	3,578	699	56.68	411
Nevada	2,656	54.03	1,646	(2)	(2)	(2)	(2)	(2)	(2)	(2)
New Hampshire	7,456	44.19	3,806	1,638	4,038	89.46	1,638	322	48.24	179
New Jersey	24,526	49.14	13,856	5,592	14,081	91.17	5,456	761	53.65	468
New Mexico	9,989	32.51	4,150	5,125	13,343	48.73	3,166	484	32.32	201
New York	120,877	52.01	75,909	59,157	136,124	101.41	69,690	3,947	58.27	2,770
North Carolina	61,411	22.27	15,231	15,491	43,321	43.60	7,045	4,144	33.98	1,508
North Dakota	8,959	48.52	5,046	1,843	4,981	98.37	2,161	117	51.79	69
Ohio	125,745	45.94	69,705	14,638	39,466	60.51	9,968	3,865	45.08	2,014
Oklahoma	100,788	45.29	60,457	23,161	59,055	45.19	14,296	2,692	46.73	1,674
Oregon	23,810	53.63	14,525	3,833	9,549	104.94	4,209	385	62.28	270
Pennsylvania	92,286	37.49	42,490	53,256	136,646	84.75	56,588	(2)	(2)	(2)
Rhode Island	10,368	46.36	5,583	3,817	9,090	87.44	3,788	177	53.10	104
South Carolina	42,111	24.86	11,050	8,424	24,077	36.73	3,212	1,522	31.64	524
South Dakota	12,169	39.16	5,629	2,360	5,729	63.35	1,677	225	35.35	92
Tennessee	65,646	31.17	23,245	25,162	67,475	48.42	12,894	2,614	38.02	1,096
Texas	225,055	33.62	89,916	18,972	53,290	42.78	9,553	6,448	38.00	2,886
Utah	10,136	44.98	5,578	3,517	8,945	84.52	3,812	211	48.83	124
Vermont	6,848	35.54	2,792	1,047	2,854	54.54	616	186	38.63	85
Virginia	19,704	21.60	4,769	8,173	23,149	48.01	4,013	1,554	29.61	510
Washington	73,744	65.86	56,597	12,805	30,127	97.34	16,748	829	78.89	714
West Virginia	26,770	21.69	7,844	18,559	52,509	47.01	9,940	1,034	25.62	344
Wisconsin	52,840	43.18	26,151	9,357	23,227	96.86	10,081	1,406	46.71	754
Wyoming	4,237	55.34	2,765	574	1,519	97.42	626	99	55.16	61

[1] Alaska does not administer aid to the blind.
[2] No approved plan in operation.

Table 7.—*Special types of public assistance under plans approved by the Social Security Administration: Federal grants certified and total expenditures and percent from Federal funds, by program and State, fiscal year 1950*

[Amounts in thousands; data corrected to Sept. 15, 1950]

State	Federal grants certified [1]				Expenditures for assistance and administration					
					Old-age assistance		Aid to dependent children		Aid to the blind	
	Total	Old-age assistance	Aid to dependent children	Aid to the blind	Amount	Percent from Federal funds	Amount	Percent from Federal funds	Amount	Percent from Federal funds
Fiscal year:										
1948	$718,359	$562,374	$139,584	$16,401	$1,093,984	51.8	$352,295	39.4	$33,289	49.4
1949	927,897	718,012	189,415	20,470	1,325,920	54.8	446,248	43.1	39,507	51.9
1950	1,091,931	820,275	248,208	23,449	1,510,931	54.6	559,905	44.1	45,551	51.7
Alabama	20,063	14,946	4,821	297	20,743	72.3	6,791	72.4	417	69.8
Alaska	763	542	221	[2]	1,144	48.7	451	47.9	[2]	[2]
Arizona	6,292	4,322	1,674	296	7,826	56.1	3,869	43.2	627	46.3
Arkansas	18,064	12,878	4,747	439	18,728	69.4	7,172	68.0	670	66.5
California	117,589	98,468	15,557	3,564	237,663	40.5	54,070	29.3	10,368	34.8
Colorado	19,503	16,765	2,600	138	42,040	39.9	5,542	44.4	284	48.5
Connecticut	7,726	5,929	1,720	77	13,642	46.6	5,888	30.6	160	49.0
Delaware	748	385	305	58	632	65.4	593	51.9	98	59.6
District of Columbia	1,995	906	1,001	88	1,560	58.3	2,049	48.2	152	57.1
Florida	30,511	20,263	9,231	1,017	33,302	62.1	14,534	65.2	1,695	61.3
Georgia	25,177	19,686	4,877	615	27,712	70.8	7,257	66.7	901	67.2
Hawaii	2,186	608	1,550	28	1,046	61.8	3,656	40.2	52	58.3
Idaho	4,767	3,637	1,058	71	6,511	55.3	2,885	35.7	138	50.7
Illinois	53,172	39,793	11,849	1,531	70,211	56.7	30,854	37.0	2,740	55.3
Indiana	19,620	14,551	4,479	591	23,622	62.1	8,842	50.7	995	60.4
Iowa	18,200	15,768	2,014	418	30,181	54.7	4,639	44.5	850	49.8
Kansas	15,939	13,325	2,347	267	24,351	53.9	5,672	42.3	506	51.8
Kentucky	19,267	11,997	6,835	436	16,336	72.7	9,735	68.8	604	71.5
Louisiana	55,649	42,544	12,561	544	70,225	60.0	21,034	55.9	956	56.3
Maine	6,543	4,735	1,586	222	7,799	61.1	2,933	54.0	362	60.9
Maryland	6,440	3,422	2,869	149	5,537	61.1	6,313	47.0	248	60.5
Massachusetts	39,459	33,721	5,230	509	79,012	43.9	18,290	28.4	1,140	44.3
Michigan	43,465	32,095	10,749	621	56,733	56.5	29,315	36.2	1,122	54.7
Minnesota	21,925	17,929	3,601	395	31,414	57.8	9,129	38.7	826	47.7
Mississippi	14,139	11,036	2,511	593	15,221	73.2	3,548	72.8	882	68.2
Missouri	52,617	41,885	10,731	[3]	68,324	61.1	17,084	63.0	[3]	[3]
Montana	5,148	3,954	995	199	7,521	53.3	2,425	42.6	386	50.5
Nebraska	9,465	7,741	1,504	220	13,310	59.1	3,865	39.1	440	50.4
Nevada	960	960	[3]	[3]	1,768	54.7	[3]	[3]	[3]	[3]
New Hampshire	3,085	2,328	652	105	4,036	57.4	1,711	37.8	190	55.7
New Jersey	10,258	7,651	2,332	276	15,371	53.4	5,893	39.8	524	50.9
New Mexico	5,111	2,868	2,103	140	4,448	63.2	3,502	59.1	219	62.6
New York	68,297	41,601	25,314	1,381	83,608	50.0	77,143	32.0	3,199	46.8
North Carolina	17,873	11,586	5,192	1,096	16,181	71.6	7,627	68.2	1,710	63.6
North Dakota	3,726	2,882	803	42	5,371	53.9	2,299	35.9	81	51.8
Ohio	47,225	39,902	6,039	1,284	72,794	57.0	10,981	55.5	2,245	58.1
Oklahoma	45,265	34,736	9,568	962	62,492	56.1	15,159	64.3	1,742	55.0
Oregon	9,446	7,778	1,536	132	15,270	51.7	4,510	34.5	285	47.3
Pennsylvania	51,152	26,771	24,380	[3]	45,791	60.1	61,373	39.3	[3]	[3]
Rhode Island	4,508	3,042	1,411	55	5,801	54.0	3,920	36.9	109	49.5
South Carolina	11,208	8,305	2,530	373	11,725	70.4	3,521	72.3	566	65.5
South Dakota	4,609	3,613	934	62	6,023	62.0	1,799	50.6	99	63.0
Tennessee	25,635	16,035	8,893	708	24,142	65.5	13,610	65.8	1,131	63.0
Texas	68,569	59,692	6,921	1,956	93,039	64.2	10,235	67.3	3,076	62.2
Utah	4,826	3,247	1,504	74	5,775	57.6	4,007	37.1	131	54.3
Vermont	2,291	1,810	424	56	2,895	63.8	656	64.3	88	62.5
Virginia	6,881	3,623	2,889	368	5,361	71.1	4,532	63.0	568	65.5
Washington	30,226	25,077	4,872	277	57,912	43.9	17,292	28.2	733	38.0
West Virginia	12,385	5,454	6,704	227	8,269	68.4	10,348	65.4	361	66.1
Wisconsin	20,178	15,984	3,727	467	27,591	59.5	10,673	34.9	806	57.1
Wyoming	1,782	1,497	255	30	2,922	51.5	679	38.2	64	51.0

[1] Amounts of Federal grants certified in fiscal year; differ slightly from fiscal-year expenditures from Federal funds reported by States.

[2] Alaska does not administer aid to the blind.

[3] No approved plan in operation.

Table 8.—*Maternal and child health and welfare services: Grants to States for maternal and child health services, services for crippled children, and child welfare services under the Social Security Act, by program and State, fiscal year 1950* [1]

[In thousands]

State	Maternal and child health services			Services for crippled children			Child welfare services
	Total	Fund A	Fund B	Total	Fund A	Fund B	
Total	$11,234.5	$5,748.5	$5,486.0	$7,609.1	$3,865.4	$3,743.7	$3,934.1
Alabama	453.1	120.9	332.2	256.2	83.7	172.5	102.0
Alaska	95.1	37.0	58.1	113.8	31.2	82.6	22.5
Arizona	100.2	58.5	41.7	49.3	20.0	29.3	33.8
Arkansas	267.3	102.3	165.0	211.3	65.1	146.2	97.6
California	336.7	281.7	55.0	214.6	152.3	62.3	118.6
Colorado	183.4	66.7	116.7	56.0	50.5	5.5	57.0
Connecticut	97.4	79.6	17.8	125.9	47.1	78.8	54.9
Delaware	74.4	46.4	28.0	65.2	52.7	12.5	28.6
District of Columbia	111.2	55.0	56.2	102.6	39.6	63.0	18.2
Florida	162.7	92.7	70.0	98.2	64.8	33.4	60.1
Georgia	410.9	127.1	283.8	204.6	88.0	116.6	148.9
Hawaii	98.8	48.2	50.6	123.7	38.2	85.5	30.8
Idaho	72.7	49.8	22.9	51.6	38.9	12.7	38.6
Illinois	344.1	298.8	45.3	176.1	136.3	39.8	138.6
Indiana	205.5	104.7	100.8	148.5	104.0	44.5	66.7
Iowa	135.4	93.9	41.5	154.4	67.4	87.0	80.9
Kansas	124.9	77.7	47.2	80.5	56.5	24.0	112.1
Kentucky	364.1	113.0	251.1	234.9	79.3	155.6	105.6
Louisiana	342.6	111.6	231.0	153.3	74.5	78.8	90.7
Maine	88.3	57.7	30.6	69.6	43.9	25.7	50.4
Maryland	327.2	89.1	238.1	211.5	60.9	150.6	43.8
Massachusetts	315.5	136.4	179.1	145.6	90.2	55.4	28.2
Michigan	325.1	175.9	149.2	231.3	153.3	78.0	95.5
Minnesota	203.4	113.0	90.4	156.5	73.0	83.5	76.9
Mississippi	315.0	101.3	213.7	231.3	71.0	160.3	102.8
Missouri	237.3	144.1	93.2	180.6	83.9	96.7	112.8
Montana	60.7	43.9	16.8	61.5	37.6	23.9	35.8
Nebraska	94.6	62.1	32.5	85.6	48.9	36.7	52.1
Nevada	57.4	34.2	23.2	36.8	24.1	12.7	23.9
New Hampshire	76.2	53.2	23.0	59.3	46.6	12.7	29.6
New Jersey	180.4	158.9	21.5	167.0	84.7	82.3	46.1
New Mexico	161.5	54.4	107.1	53.2	40.6	12.6	40.5
New York	382.1	343.0	39.1	279.4	261.1	18.3	95.9
North Carolina	565.7	260.8	304.9	276.6	99.0	177.6	165.2
North Dakota	77.2	57.2	20.0	52.5	39.9	12.6	60.1
Ohio	354.5	234.7	119.8	182.4	135.0	47.4	111.1
Oklahoma	140.4	67.7	72.7	209.6	68.6	141.0	113.1
Oregon	90.3	67.4	22.9	61.9	49.4	12.5	47.0
Pennsylvania	474.3	266.5	207.8	271.6	174.0	97.6	174.2
Puerto Rico	410.0	137.9	272.1	175.5	78.0	97.5	70.9
Rhode Island	76.6	63.1	13.5	109.3	49.0	60.3	26.1
South Carolina	274.0	93.0	181.0	223.8	68.9	154.9	89.0
South Dakota	82.2	62.6	19.6	43.9	39.4	4.5	52.5
Tennessee	389.6	121.6	268.0	187.8	83.3	104.5	148.8
Texas	437.5	216.1	221.4	352.3	145.8	206.5	219.0
Utah	60.5	46.1	14.4	89.1	41.7	47.4	33.4
Vermont	72.9	50.5	22.4	65.6	53.0	12.6	33.8
Virgin Islands	58.0	34.8	23.2	41.5	28.8	12.7	20.8
Virginia	295.6	135.0	160.6	213.0	77.0	136.0	103.1
Washington	154.1	90.9	63.2	137.7	60.8	76.9	53.8
West Virginia	213.7	79.7	134.0	126.3	63.5	62.8	67.3
Wisconsin	148.2	91.9	56.3	167.1	77.4	89.7	84.5
Wyoming	54.0	38.2	15.8	31.7	23.0	8.7	19.9

[1] Based on checks issued.

Table 9.—*Federal credit unions: Number of members, amount of shares, and amount of loans outstanding Dec. 31, 1935–49*

Year	Number of reporting credit unions [1]	Number of members	Amount of shares	Amount of loans
1935	762	118,665	$2,224,610	$1,830,489
1936	1,725	307,651	8,572,776	7,399,124
1937	2,296	482,441	17,741,090	15,772,400
1938	2,753	631,436	26,869,367	23,824,703
1939	3,172	849,806	43,314,433	37,663,782
1940	3,739	1,126,222	65,780,063	55,801,026
1941	4,144	1,396,696	96,816,948	69,249,487
1942	4,070	1,347,519	109,498,801	42,886,750
1943	3,859	1,302,363	116,988,974	35,228,153
1944	3,795	1,303,801	133,586,147	34,403,467
1945	3,757	1,216,625	140,613,962	35,155,414
1946	3,761	1,302,132	159,718,040	56,800,937
1947	3,845	1,445,915	192,410,043	91,372,179
1948	4,058	1,628,339	235,008,368	137,642,327
1949	4,495	1,819,606	285,000,934	186,218,022

[1] For 1945–49, the number of operating and reporting credit unions was the same. In other years, the number of credit unions that submitted financial and statistical reports was less than the number in operation.

Table 10.—*Federal credit unions: Number and status of charters, 1935–49*

Year	Number of charters			Number of charters outstanding at end of year		
	Granted	Canceled	Net change	Total	Inactive credit unions	Operating credit unions
1935	[1] 906	----------	[1] 906	906	134	772
1936	956	4	952	1,858	107	1,751
1937	638	69	569	2,427	114	2,313
1938	515	83	432	2,859	99	2,760
1939	529	93	436	3,295	113	3,182
1940	666	76	590	3,885	129	3,756
1941	583	89	494	4,379	151	4,228
1942	187	89	98	4,477	332	4,145
1943	108	321	−213	4,264	326	3,938
1944	69	285	−216	4,048	233	3,815
1945	96	185	−89	3,959	202	3,757
1946	157	151	6	3,965	204	3,761
1947	207	159	48	4,013	168	3,845
1948	341	130	211	4,224	166	4,058
1949	523	101	422	4,646	151	4,495

[1] Includes 78 charters granted in 1934.

Table 11.—*Federal credit unions: Assets and liabilities, Dec. 31, 1949, and Dec. 31, 1948*

Assets and liabilities	Amount			Percentage distribution	
	Dec. 31, 1949	Dec. 31, 1948	Change during year	Dec. 31, 1949	Dec. 31, 1948
Total assets	$316,362,504	$258,411,736	$57,950,768	100.0	100.0
Loans to members	186,218,022	137,642,327	48,575,695	58.9	53.3
Cash	32,529,318	30,119,870	2,409,448	10.3	11.6
U. S. Government obligations	68,752,813	68,487,700	265,113	21.7	26.5
Federal savings and loan shares	22,749,795	18,301,363	4,448,432	7.2	7.1
Loans to other credit unions	4,558,368	2,696,277	1,862,091	1.4	1.0
Other assets	1,554,188	1,164,199	389,989	.5	.5
Total liabilities	316,362,504	258,411,736	57,950,768	100.0	100.0
Notes payable	8,868,787	6,020,912	2,847,875	2.8	2.3
Accounts payable and other liabilities	765,139	815,199	−50,060	.3	.3
Shares	285,000,934	235,008,368	49,992,566	90.1	91.0
Reserve for bad loans	9,609,775	7,698,222	1,911,553	3.0	3.0
Special reserve for delinquent loans	358,523	233,389	125,134	.1	.1
Undivided profits	11,759,346	8,635,646	3,123,700	3.7	3.3

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